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ABSTRACT

Information on federal student financial aid is provided for counselors. Step-by-step instructions on how to complete the federal application are provided, and application procedures that must be followed in these special circumstances are described: dependent students, independent students, national disaster area asset adjustment, and correcting the application. The following federal student aid programs administered by the United States Department of Education are covered: Pell Grants, Supplemental Educational Opportunity Grants, College Work-Study program, National Direct Student Loans, Guaranteed Student Loans (GSL), and Parent Loans for Undergraduate Students (PLUS). Information is included on loan repayment, deferment, and default for each program. Appendices provide important deadline dates, addresses, phone numbers, and a listing of publications dealing with financial aid. Citizenship requirements for receiving federal aid from the Department of Education are also explained, and a list of state agencies providing information on GSL and PLUS loans and state student aid is included. Included are form 1 and 2 of the Application for Federal Student Aid, as well as a glossary. (SW)

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United States Department of Education

Office of Student Financial Assistance

1986-87

Counselor's Handbook

A Federal Student Aid Reference

Part 1

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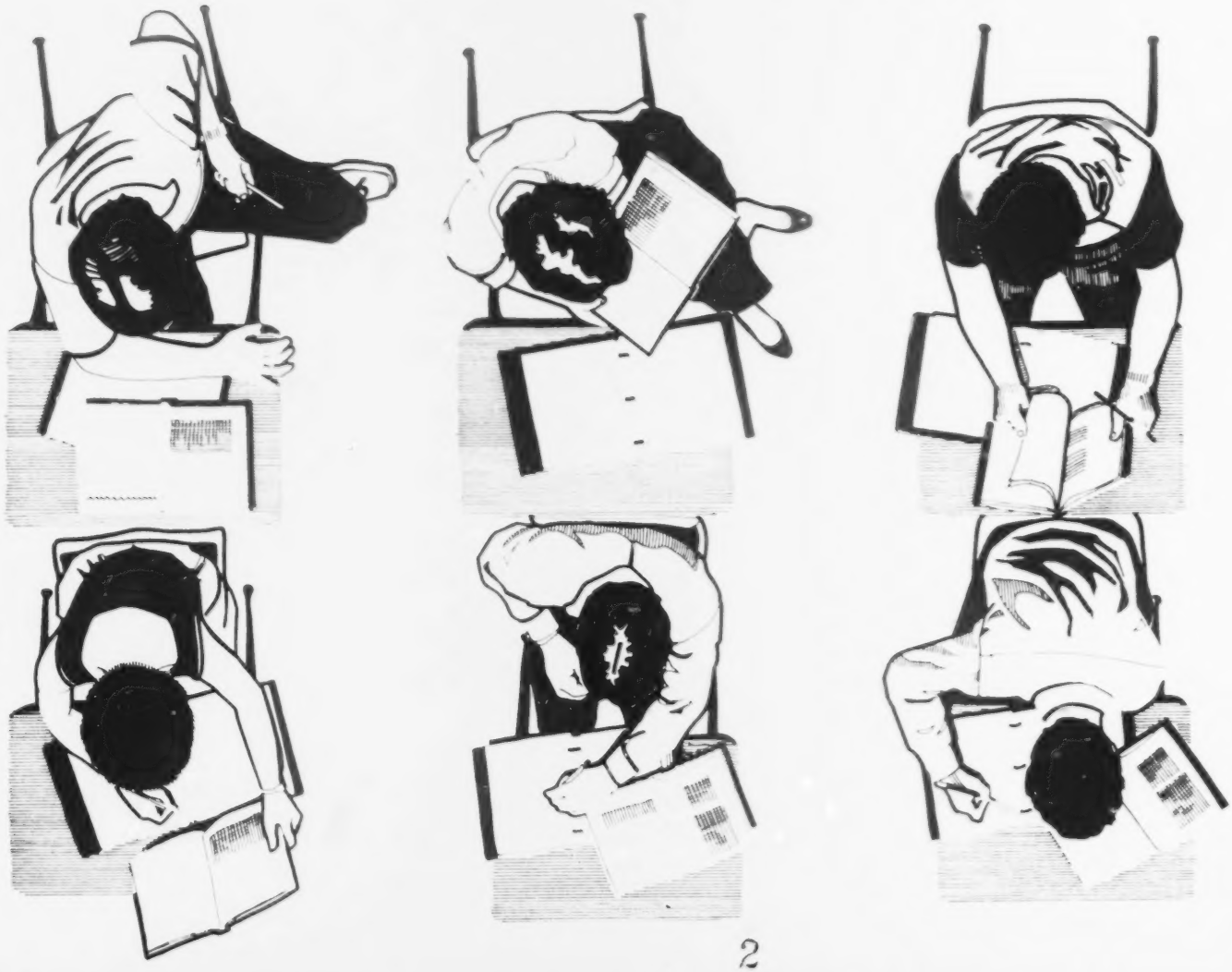

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CHAPTER 1

FEDERAL STUDENT AID

General Information and Eligibility Requirements

The U.S. Department of Education administers five major programs* to help students finance their postsecondary education:

- Pell Grants
- Supplemental Educational Opportunity Grants (SEOG)
- College Work-Study (CWS)
- National Direct Student Loans (NDSL)
- Guaranteed Student Loans (GSL) and PLUS loans

Pell Grants and SEOG's are awards that do not have to be repaid. College Work-Study allows students to earn money to help meet their educational expenses. The loan programs--NDSL, GSL, and PLUS--provide loans at modest interest rates with repayment periods of up to 10 years. A student may receive aid from one or more of these programs, which will be part of a financial aid "package" put together by the financial aid administrator at the student's school. Combining Federal and non-Federal aid such as loans, grants, or work-study to give each student the best possible aid package is one of the financial aid administrator's major responsibilities.

All five Federal financial aid programs are open to undergraduate students who have not yet received a first bachelor's degree. Graduate students may apply for aid from any program except Pell Grants and SEOG. Not all institutions participate in all the programs, however. To check the eligibility of a school and its programs, as well as the availability of financial aid, students should contact that school's financial aid office. NOTE: Although the Department of Education determines a school's eligibility to participate in the programs, the Department neither makes judgments about, nor endorses the quality or suitability of, the education a school offers. It is the student's responsibility to evaluate carefully the content and quality of a particular school and its curriculum.

*The Department also administers the State Student Incentive Grant (SSIG) Program, which provides grants to States to encourage State scholarship assistance to needy postsecondary students. Because SSIG operations vary considerably from State to State, the best source of information for students is their State higher education agency (see Appendix C for a list of these agencies).

In general, a student is eligible for Federal aid if he or she meets the following criteria:

- The student is enrolled at least half-time as a regular student in an eligible program at one of the more than 7,500 colleges, universities, vocational schools, technical schools, or hospital schools of nursing that take part in the Federal financial aid programs. (Note that there is an exception to this requirement in the SEOG and CWS programs. Schools may choose to award up to 10 percent of their SEOG and CWS funds to students enrolled less than half-time.)

  At schools measuring progress by credit hours and academic terms (semesters, trimesters, or quarters), "half-time" means at least 6 semester hours or quarter hours per term. At schools measuring progress by credit hours but not using academic terms, "half-time" means at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half-time" means at least 12 hours per week.

- The student is a U.S. citizen or eligible non-citizen. Eligible non-citizens may be required to furnish proof of their immigration status; documentation requirements for eligible non-citizens are given in Appendix B.

- The student demonstrates financial need for the Pell Grant, SEOG, CWS, and NDSL programs. For the GSL Program, a student must demonstrate financial need if his or her adjusted gross family income exceeds $30,000. Borrowers under the PLUS Program do not have to demonstrate need.

  "Need" is defined as a student's cost of education minus the amount the student and his or her family are expected to pay, as determined by a standard formula.

  "Cost of education" is the total amount it will cost a student to attend school for one year. For Pell Grants, the cost of education is limited to tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and an allowance for books, supplies, and miscellaneous expenses. The SEOG, CWS, NDSL, and GSL programs are more flexible and may include other expenses such as travel, child care, and costs related to a handicap. The student should talk to the financial aid administrator at the school(s) he or she is interested in attending, if there are any unusual expenses that may affect the cost of education or the student's and family's ability to pay that cost.

  The "amount the student and his or her family are expected to pay, as determined by a standard formula," is called the Expected Family Contribution (EFC) or Family Contribution (FC). This amount is calculated by evaluating the information the student fills in on his or her aid application. Factors such as the family's income, assets, and benefits are

considered in determining the family's contribution. (Assets include savings and checking accounts, home or business value, stocks, bonds, real estate, trust funds, etc. Cars are not considered assets, nor are possessions such as stamp collections or musical instruments.)

- The student signs a statement of educational purpose, agreeing to use any aid received from Department of Education programs only for expenses related to postsecondary education. Part 1 of the 1986-87 Student Aid Report (SAR)--see Chapter 4 for a discussion of this report--contains such a statement. The student must sign either that statement or a similar one prepared by his or her school.

- The student has registered with the Selective Service if required to do so. This requirement applies to males who were born on or after January 1, 1960, are at least 18, are citizens or eligible non-citizens, and are not currently on active duty in the Armed Forces. (Permanent residents of the Trust Territory of the Pacific Islands or the Northern Mariana Islands are exempt from this requirement.) The Statement of Registration Compliance and the Statement of Educational Purpose are in a box at the end of the SAR, and are part of the certification statement the student must sign in order to receive Federal student aid.

- The student is making satisfactory progress in his or her course of study, as defined by his or her school.*

- The student is not in default on an NDSL, GSL, or PLUS loan at the school he or she plans to attend.*

- The student does not owe a refund on a Pell Grant, SEOG, or State Student Incentive Grant at the school he or she plans to attend.*

A student applies for aid by filling out one of several applications (see Chapter 2 for a discussion of the application process). The form must be completed accurately and submitted on time. (See Appendix A for a list of deadlines.) The student is responsible for checking the status of his or her application to be sure that it has been processed.

A student must reapply annually because aid from these programs is not automatically continued from one year to the next.

If a student transfers from one school to another, his or her financial aid does not automatically transfer. The student should check with the financial aid administrator at the new school to find out what aid will be available. To be eligible to receive Federal aid at the new school, the student must have the old school send the new one a financial aid transcript. A financial aid transcript is a record of any aid the student has received from the Department

*Note that these conditions apply to a student who has previously attended a postsecondary institution and thus normally would not apply to the students you will counsel.

of Education. Pell Grant recipients must get a duplicate of their Student Aid Report (SAR)--see Chapter 4--to submit to the new school's financial aid administrator. GSL recipients should check with their lender to be sure the loan can be continued at the new school.

Students may be selected by the Department of Education or by their school to prove that what they reported on their application is correct. Many schools require all financial aid applicants to verify the information on their applications, regardless of whether the Department of Education selects their application for verification.

If selected, the student must verify amounts reported for 1985 Adjusted Gross Income, untaxed income, and U.S. income taxes paid. He or she will also be asked to verify other information such as household size, the number of persons in the household attending postsecondary schools, and his or her status as an independent student (see Chapter 2, page 2-5 for a discussion of dependent/independent status). Dependent students will have to show their financial aid administrator a copy of their and their parents' (and spouse's) U.S. income tax return (Form 1040, 1040A, or 1040EZ). Independent students will have to show their and their spouse's U.S. income tax return. Students who receive benefits from the Social Security Administration may need a statement verifying the amount received.

If the student does not provide all the information requested, payment of his or her financial aid will be delayed or withheld. If a student receives financial aid because he or she filled out the application incorrectly, the student will have to repay any portion of aid he or she should not have received. Students should be cautioned that anyone who intentionally makes false statements or misrepresentations when applying for Federal aid is violating the law and is subject to fine or imprisonment, or both.

Note that if a student is selected for verification and then transfers, he or she must give the new financial aid administrator (1) a letter from the old school stating that the student's information was verified and (2) a copy of the verified SAR.

The Five Major Federal Student Aid Programs

The Pell Grant Program. The Pell Grant Program provides for many students a "foundation" of financial aid to which aid from other Federal, State, and private sources may be added. A student may receive a Pell Grant for any period of study required to complete a first bachelor's degree.

To determine a student's eligibility for a Pell Grant, the Department of Education uses a standard formula (revised and approved annually by Congress) to evaluate the information the student supplies on an aid application. The formula produces a Student Aid Index (SAI) number, which indicates whether the student is eligible. The SAI appears on the Student Aid Report (SAR), the document that is the student's official notice of eligibility (see Chapter 4 for a discussion of the SAR).

Awards for the 1986-87 academic year will depend on program funding by Congress. (For 1985-86, the maximum Pell Grant for a student was $2,100.)

However, the amount the student actually receives will depend not only on the student's SAI, but also on his or her enrollment status (full-time, half-time, etc.), the length of his or her enrollment during the 1986-87 academic year, and the cost of education at the school. In any case, for 1986-87, a student's Pell Grant may not exceed 60 percent of the cost of education at his or her school.

The formula nature of the Pell Grant Program guarantees equal treatment for all applicants, but it also means that, except for a few specific cases (see Chapter 3), there are no exceptions made for the unique financial circumstances of students or their families.

Campus-Based Programs (SEOG, CWS, NDSL). These three programs--Supplemental Educational Opportunity Grants (SEOG), College Work-Study (CWS), and National Direct Student Loans (NDSL)--are called "campus-based programs" because they are administered by the individual participating schools. These programs are designed to be more flexible than the Pell Grant Program and can make allowances for a student's particular financial circumstances.

Institutions apply annually to the Department of Education for campus-based funds, and the funds go directly to the schools. The Department sets broad guidelines institutions must follow in distributing funds to students, but within those guidelines, schools establish their own selection criteria and application deadlines. Each school receives a given amount of funds for each of the three programs (unlike the Pell Grant Program, which guarantees that each participating school will receive enough funds to pay its students' grants). When funds for any campus-based program are exhausted, no more aid may be awarded from that program for that year. Therefore, the financial aid administrator must decide how and to whom the funds will be distributed to ensure the best use of what is available. Those decisions are made by evaluating each student's financial circumstances and determining which students are neediest.

Because these funds are limited, schools usually set their application deadlines early in the calendar year. Students should check with the schools they are interested in attending to find out their deadlines. The earlier students apply, however, the better their chance of receiving aid.

--The Supplemental Educational Opportunity Grant (SEOG) Program. An SEOG, like a Pell Grant, is an award only for undergraduates that does not have to be repaid. For 1986-87, awards range from $200 to $2,000, depending on the student's need, the SEOG funds available at the school, and the amount of other aid the student will receive. As with the other two campus-based programs, a student ordinarily must be enrolled at least half-time to receive an award. However, under SEOG, a school may choose to award up to 10 percent of its funds to less-than-half-time students. To find out if a particular school does this, students should contact that school's financial aid administrator.

--The College Work-Study (CWS) Program. This program provides jobs for both graduate and undergraduate students to help them pay their educational expenses. As it can in the SEOG Program, a school may choose to award up to 10 percent of its CWS funds to less-than-half-time students. CWS jobs can

be either on campus, or off campus for a public or private nonprofit organization that is in the public interest (such as a Federal, State, or local public agency).

Students will earn at least the current minimum wage, but their salaries may also be related to the type of work and its difficulty. Undergraduate students receive an hourly rate; graduate students may be paid by the hour or they may receive a salary. The school sets the student's work schedule. Students can be employed under CWS only until they reach their award limit for a particular year. For example, if a student has a $500 1986-87 CWS award, the student must stop work once he or she earns $500.

--**The National Direct Student Loan (NDSL) Program.** The NDSL Program provides low interest (5 percent) loans to both undergraduate and graduate students. A student may borrow up to a total of--

- o $3,000 if he or she is enrolled in a vocational program or has completed less than two years of a program leading to a bachelor's degree
- o $6,000 if he or she is an undergraduate who has already completed two years of study toward a bachelor's degree and has achieved third-year status (this total includes any amount the student borrowed under NDSL for the first two years of study)
- o $12,000 if he or she is a graduate or professional student (this total includes any amount the student borrowed under NDSL for undergraduate study)

----**Repayment.** A student does not have to make payments as long as he or she is attending school at least half-time. Repayment begins six months after the student graduates, leaves school, or drops below half-time status. The amount of each payment depends upon the size of the debt, but usually a student must pay at least $30 a month. In special cases, such as prolonged illness or unemployment, the school may agree to smaller monthly payments.

----**Deferment.** Under certain conditions, a student may request a deferment of repayment on the loan, and interest will not accrue. Repayment can be deferred for up to three years if the student--

- o is a member of the U.S. Armed Forces or the Commissioned Corps of the U.S. Public Health Service
- o is a full-time volunteer in the Peace Corps, ACTION programs such as VISTA, or any other tax-exempt organization comparable to the Peace Corps or ACTION
- o is temporarily totally disabled or cannot work because his or her spouse is temporarily totally disabled, and the student must care for the spouse. To obtain this deferment, a doctor must certify that the disability is total and temporary

The student may request a deferment of payments for up to two years while serving in an internship required to begin professional practice, such as a medical residency.

Repayment is also deferred for six months after any of the approved periods described above.

Deferment may also be requested for extraordinary circumstances such as prolonged unemployment or illness; however, interest on the loan will continue to accrue during these deferments.

----Cancellation. There are certain conditions that allow a student's NDSL to be cancelled:

- o If the student dies, or becomes totally and permanently disabled after receiving an NDSL, the loan will be cancelled.

- o Part of an NDSL plus interest will be cancelled for each complete year the student teaches handicapped children, or teaches full-time in a designated elementary or secondary school that serves low-income students. The entire loan will have been cancelled after the fifth consecutive year of such teaching.

- o Part of an NDSL plus interest will be cancelled for each complete year the student works in specified Head Start programs. The entire loan is cancelled after the seventh consecutive year of service as a full-time staff member.

- o If the student serves as an enlisted person in certain selected specialties of the U.S. Army, the Department of Defense, as an enlistment incentive, will repay a portion of the principal balance of the loan.

----Default. If a student does not repay the loan according to the terms agreed upon in the promissory note, the school can require immediate repayment of the entire loan amount, including interest and penalty charges. The school can sue the student in order to collect the loan, and it can ask for help from the Federal Government. The following additional steps may be taken:

- o The school or the Federal Government may notify credit bureaus of the student's default, which can adversely affect his or her credit rating.

- o Beginning with tax year 1985, defaulters may be advised by the Department of Education that they have 60 days in which to begin repaying their loans, or to make repayment arrangements with their lenders. If no such action is taken by the defaulter, the Department will request the Internal Revenue Service to withhold any Federal income tax refund a defaulter might be due, up to the total amount still owed on the loan.

If the student has any questions about the terms of the loan, repayment obligations, deferment, or cancellation, he or she should check with the school that made the loan. The school--not the Department of Education--grants deferment or cancellation and decides questions about the loan.

The Guaranteed Student Loan (GSL) Program. The GSL Program provides low-interest loans (8 percent for new borrowers) through participating lenders. These lenders, such as banks, credit unions, or savings and loan associations, use their own loan capital. Some schools also act as lenders. GSL's are insured by a State or private nonprofit "guarantee agency" in each State and reinsured by the Federal Government. Guarantee agencies have the authority to administer the GSL Program in each State, as long as they meet the basic Federal requirements, such as loan limits and interest rates. This autonomy allows each guarantee agency to set additional requirements within Federal guidelines and, as a result, there is some variation in the GSL Program from State to State. For the best source of information on the GSL Program in their State, students should contact the appropriate guarantee agency. (See the list of guarantee agencies in Appendix C.)

Students apply for GSL's by obtaining an application from a lender or a school that participates in the program, or from their State's guarantee agency (see Appendix C). After the student fills out his or her part of the application, the school he or she plans to attend completes its part, certifying the student's enrollment, cost of education, academic standing, and any other aid the student will receive. If the student's adjusted gross family income is over $30,000, the financial aid administrator at the school will apply a brief needs "test." The "test" involves adding the student's EFC to his or her other student aid, and comparing that total to the school's cost of attendance. For example, if a school's cost of attendance is $5,000, the student's EFC is $3,000, and the student has $1,000 in non-GSL student aid, the student would be eligible for a $1,000 GSL. If the student had no other financial aid, he or she would be eligible for a $2,000 GSL.

Once the school has completed its part of the application, the student takes the application to his or her lender. If the lender agrees to make the loan, the lender obtains the approval of the State guarantee agency (which usually takes four to six weeks). At the time the loan is issued, the student signs a promissory note--a legal document listing the conditions under which the loan is issued, and the terms of repayment. The check is made payable to the student or to the student and the school.

There are restrictions on the amount a student can borrow, regardless of his or her need. Undergraduates may borrow up to $2,500 a year, up to a total of $12,500; graduate students may borrow up to $5,000 a year, up to a total of $25,000. (However, this $25,000 includes any loans made at the undergraduate level.) In addition to these restrictions, no student can borrow more than the cost of education at the school minus any other financial aid he or she receives.

Each lender deducts an "origination fee" of 5 percent from the principal amount of the loan, which is passed on to the Federal Government to help reduce the Government's cost of subsidizing these loans. The guarantee agency may also charge an insurance premium of up to 1 percent, which may be collected in advance.

There are no application deadlines for the GSL Program, as there are for the other four major Federal aid programs. However, students should look for a lender as soon as they have been accepted by their school. Since participation in the GSL Program is voluntary, not all lending institutions make loans, and those who do may set certain requirements that not all students will meet. The Department of Education encourages lenders to participate, but a lending institution sets its own policies, as long as those policies do not discriminate on the basis of race, religion, national origin, sex, age, marital status, handicap, or because the applicant is receiving public assistance or has exercised any rights under the Consumer Credit Protection Act.

--Repayment. Repayment begins six months after the student leaves school or drops below half-time attendance. The student must be allowed at least 5 years to repay the loan and may be allowed as many as 10.

When students leave school, they must contact their lender to establish a repayment schedule. The amount of the payments depends on how much the student has borrowed and the amount of time allowed for repayment.

--Default. If a student does not repay the loan according to the terms agreed upon in the promissory note, he or she will be in default, and the Federal Government can sue to collect. The following additional steps may be taken:

- o The Federal Government or the State guarantee agency may notify credit bureaus of the student's default, which can adversely affect his or her credit rating.

- o Beginning with tax year 1985, defaulters may be advised by the Department of Education that they have 60 days in which to begin repaying their loans, or to make repayment arrangements with their lenders. If no such action is taken by the defaulter, the Department will request the Internal Revenue Service to withhold any Federal income tax refund a defaulter might be due, up to the total amount still owed on the loan. (NOTE: Similar steps may be taken against holders of NDSL's and PLUS loans.)

--Deferment. Once the student has left school, or falls below half-time status, deferment of repayment may be granted if he or she returns to full-time study at a school participating in the GSL Program. (Note that this is different from the NDSL Program, where only half-time attendance is required for deferment, and the school does not have to participate in the NDSL Program.) GSL deferments also may be granted for study in an approved graduate fellowship program, for study in an approved rehabilitation training program for the disabled, and for full-time study at a school operated by the Federal Government. (Most federally operated schools are associated with Veterans' Administration or Public Health Service hospitals, or with the Armed Forces.)

The other GSL deferment provisions are similar to NDSL's. Deferments may be granted for up to three years if the student--

- o is a member of the U.S. Armed Forces or the Commissioned Corps of the U.S. Public Health Service
- o is a full-time volunteer in the Peace Corps, ACTION programs such as VISTA, or any other tax-exempt organization comparable to the Peace Corps or ACTION
- o is temporarily totally disabled or cannot work because his or her spouse is temporarily totally disabled, and the student must care for the spouse. To obtain this deferment, a doctor must certify that the disability is total and temporary

The student may also request a deferment for up to two years while serving in an internship required to begin professional practice, such as a medical residency.

Deferment may also be requested for a single period of up to one year while the student is unemployed and actively looking for a full-time job.

Note that, unlike NDSL's, interest on a GSL accumulates during any deferment period; however, assuming the borrower qualifies for Federal interest subsidy, the Federal Government pays the interest that accrues on the unpaid principal during periods of deferment.

Students must contact their lenders to apply for deferment. Students are not eligible for deferment, however, if they are in default.

Students may request forbearance if they are willing but unable to meet their repayment schedule and are not eligible for a deferment. "Forbearance" means permitting payments to be stopped temporarily, allowing an extension of time for making payments, or making smaller payments than were previously scheduled. The lender does not have to grant forbearance.

A GSL will be cancelled only if a student dies or becomes totally and permanently disabled after receiving the loan. There are no cancellation provisions for teaching or working in Head Start programs, as there are under the NDSL Program. However, as is the case under NDSL, if the student serves as an enlisted person in certain specialties of the U.S. Army, the Department of Defense, as an enlistment incentive, will repay a portion of the principal balance of the loan.

PLUS Loans. PLUS loans are auxiliary guaranteed loans that work much like GSL's, although there are some important differences. For example, although PLUS loans, like GSL's, are available to independent undergraduate students and graduate and professional students, they are not available to dependent undergraduates. They are, however, available to the parents of dependent undergraduates. (See Chapter 2, page 2-5, for a discussion of dependent/independent students.)

Borrowers apply for PLUS loans the same way they do for GSL's, except that there is no need test other than the demonstrated difference between the amount the student and his family are expected to pay and the cost of education.

Parents may borrow up to $3,000 per year, to a total of $15,000, for each child who is a dependent undergraduate enrolled at least half-time.

Independent undergraduates may borrow up to $2,500 per year. However, a PLUS combined with any GSL they may have cannot exceed the yearly and total GSL undergraduate limits ($2,500 and $12,500, respectively).

Graduate students may borrow up to $3,000 per year, to a total of $15,000. This is in addition to the GSL limits.

There is no origination fee for a PLUS loan, although guarantee agencies may charge a 1 percent insurance fee as they do for GSL's.

--Repayment/Deferment. A parent borrower must begin repaying both principal and interest within 60 days after the loan is disbursed. Parent borrowers are not eligible for deferments.

Independent undergraduates and graduate students do not have to begin repaying principal within 60 days after the loan is dispersed, but they are expected to begin repaying interest during that time, unless the lender agrees to allow the interest to accumulate until they leave school or drop below half-time status. These students are eligible for the same deferments as GSL borrowers. If they are in deferment status, the lender may agree to let the interest accumulate until the deferment ends.

Note: Most of the information in this chapter is contained in a booklet written for students and available free of charge. The booklet is The Student Guide: Five Federal Financial Aid Programs, '86-87; students who wish to order a copy should write to:

Federal Student Aid Programs
Department DEA-87
Pueblo, Colorado 81009

CHAPTER 2

APPLYING FOR FEDERAL FINANCIAL AID

Forms

Students apply for Federal financial aid by completing the U.S. Department of Education's "Application for Federal Student Aid" (AFSA), or one of the State or private agency forms listed below. Each non-Federal form contains a question or statement that the student checks "yes" if he or she wants the information from the application forwarded to the Federal processor. The question or statement is located in the "Other Information" or "Release" section.

The non-Federal forms for the 1986-87 award year are--

- The College Scholarship Service's "Financial Aid Form" (FAF)
- The American College Testing Program's "Family Financial Statement" (FFS)
- The Pennsylvania Higher Education Assistance Agency's (PHEAA's) "Application for Pennsylvania State Grant & Federal Student Aid"
- The Student Aid Application for California (SAAC)

The agencies listed above--with the exception of PHEAA--charge a fee for processing their forms and forwarding the information to the schools the student designates. The Federal form (the AFSA) is free and may be used to apply for aid at any school that participates in the Federal student aid programs. However, many of these schools request that students fill out a non-Federal form to ensure consideration for aid from non-Federal programs. During 1984-85, about 40 percent of all applicants filed the free AFSA, and about 60 percent filed one of the non-Federal forms. Students should contact the financial aid administrator at each school they are interested in attending to find out which form they should complete. The FAF and the AFSA are the most frequently specified forms, followed by the FFS.

If you are working with a student who is interested in Federal aid only, you should advise him or her that the AFSA is available for that purpose. You should have received an order letter in December that enabled you to request the number of AFSA's needed for your school. If you did not receive this letter and would like to order 1986-87 AFSA's, please send your order to--

Federal Student Aid Programs
Department CY-87
Pueblo, Colorado 81009

Please order only the number of AFSA's your school needs.

Application Procedures

Students who fill out the AFSA will notice that the application booklet contains a post card, which students should complete and send along with the application to the Federal processing center. The center will return the post card, stamped with the approximate date a student can expect to receive his or her Student Aid Report (SAR), which is the official notification of eligibility status (see Chapter 4). Current plans call for the processing of 1986-87 applications to begin on February 15. There will be a small backlog, and initial turnaround time may be slower than the normal four to six weeks. However, by the end of February it is expected that the backlog will be eliminated and turnaround times should be back to normal.

The post card serves as the student's "receipt" for his or her application. If the post card does not come back within a month after the student has sent it in, the student should submit another application, or call the Federal Student Aid Information Center (301) 984-4070, or the Application Processing Center (319) 337-3738 to check on their application. Please note that neither Center can accept collect calls.

Students who fill out a non-Federal form and want their information forwarded to the Federal processor should be urged to check the box on the non-Federal form which gives the State or private agency permission to forward the information. Failure to check "yes" in answer to the request for permission to forward the form may mean the student will not be considered for a Pell Grant or for other forms of Federal financial aid. Students using non-Federal forms will not receive a post card but should receive their SAR's within four to six weeks after applying. Students who do not want their information forwarded to the Federal processor will not receive a SAR, but will be notified by the non-Federal agency that their application has been received and processed. This notification takes two to six weeks, depending on which application the student filed.

No matter which form students use, they must complete it carefully, accurately, and legibly, and must send it on time to the address specified on the application. If students are applying for Federal aid, the processor must receive the application by May 1, 1987.

If you could give students only one piece of advice as they complete their applications, it would be to READ THE INSTRUCTIONS. This statement cannot be overemphasized because most errors are caused by students misunderstanding what information is being requested. Errors on the application cause delays in processing, which may mean that students otherwise eligible for Pell Grants will receive their SAR's too late to submit them to their schools by the deadline, which is June 30, 1987, or the last day of enrollment for 1986-87, whichever comes first. There are no exceptions to this deadline. Therefore, it is important that students fill out their applications carefully. Deadlines for campus-based aid are set by each participating school, but are usually early in the calendar year (see Chapter 1, page 1-5).

Increased accuracy is part of the Department of Education's goal of reducing waste and abuse of Federal student aid funds. To further this effort, we ask that when you talk to students about Federal financial aid, you emphasize the following points:

- Students must use their Federal financial aid only for educational expenses.

- Students may be asked to prove that what they reported on their application is correct. If they are selected for verification (see Chapter 1, page 1-4), they must furnish the proof requested before they can receive aid.

- As noted in Chapter 1, page 1-3, male students who are required to register with the Selective Service must do so before they can receive Federal student aid. The Department of Education has an agreement with the Selective Service to ensure compliance with this requirement. Each award year, the Department will select a sample of students and verify their registration status with the Selective Service. The names of any students who claimed to have registered but have not will be referred to the Department of Justice.

- If students have an NDSL, GSL, or PLUS, they have an obligation to repay the loan and to comply with all provisions of their promissory note, the legal document that lists the conditions under which the student is borrowing and the terms under which the student agrees to repay. The student signs a promissory note when he or she receives a loan.

  If a student defaults on his or her loan, the school, lender, State, and Federal Government all can take action to collect the money. This action can include notifying credit bureaus that a student has defaulted (which may affect the student's future credit rating), taking legal action, and withholding a student's Federal income tax refund and applying it toward the outstanding balance of the loan.

The "Core" Questions

All application forms--Federal and non-Federal--contain a "core" of questions which ask the same basic information of students seeking financial aid. The questions are identical, though they may appear in different places on different forms.

The layout for the questions and instructions on the FAF, SAAC, and PHEAA forms is similar. The FFS is a machine-read form and so is designed differently. These forms are basically the same as in past years; they have certain sections that all students must complete and certain parts designated for dependent students and for independent students. (Students who apply for aid are categorized as either financially dependent on their parents or independent of them. Based on their category, they answer the questions in the parts of the form which are appropriate for them. (See page 2-5 for a discussion of dependent/independent status.)

The Federal AFSA has been redesigned this year, to make it easier to follow and thus reduce errors. Many of the questions have been rewritten to make them easier to understand. The most important change is that there are now two separate forms, one for dependent students and one for independent students. Based on answers to a series of dependency questions on page 3 of

the AFSA, students will be instructed to fill out either Form 1 (Green Form) if they are financially dependent on their parents, or Form 2 (Gray Form) if they are financially independent.

Steps 1-4 of the AFSA are almost identical for both Form 1 and Form 2: they collect information about the student's dependency status, name, address, family, and the institution he or she plans to attend. The remaining steps differ on the two forms either in numbering or in the questions asked. After discussion of Steps 1-4 (applicable to both forms), all the remaining Steps on Form 1 (Green Form) will be discussed, followed by discussion of all remaining Steps on Form 2 (Gray Form). Each step will be cross-referenced to the corresponding item on the non-Federal forms, so this information will be useful no matter which form the student completes.

Note: Most high school students will be dependent students, so counselors will, except in unusual cases, follow the questions and instructions that refer to the Green Form (Form 1). (The determination of dependency status is discussed in detail on page 2-5.)

Students should not leave blank any item in the sections on the appropriate form that applies to them. In the sections that ask for numerical answers, items that do not pertain to the student's situation should be answered by writing in "0." For example, Step 10-2 (Green Form) on the AFSA asks for the mother's 1985 income earned from work. If the mother did not earn any income from work, the student should enter "0." If items are left blank, the processor will either reject the application or will make possibly incorrect assumptions about the missing information. To avoid delays, students should complete all appropriate items.

The forms ask primarily for 1985 income information. To ensure the most accurate information, students should have certain records on hand as they fill out the application. Dependent students should have available their parents' records as well as their own (and their spouse's); independent students should have their own and their spouse's records available. The 1985 U.S. income tax return (IRS Form 1040, 1040A, or 1040EZ) is the most important, since each application asks for specific figures from specific lines on the tax return. Other useful documents to collect are W-2 forms and other records of income earned in 1985, as well as records of untaxed income, such as veterans, social security, or welfare benefits, or Aid to Families with Dependent Children (AFDC or ADC). Other items of information to have on hand are current bank statements, current mortgage information, and records of medical or dental bills paid in 1985. Business and farm records and records of stocks, bonds, and other investments are also important.

Please encourage your students to collect and use these documents. Completing student aid applications accurately has become a major concern as the awareness of applicant error has increased. During the 1982-83 award year, for the Pell Grant Program alone, the estimate of incorrect awards (both too high and too low) caused by applicant error was $231 million, and recent studies indicate that incorrect awards based on applicant error are still a significant problem. One way to reduce these mistakes is for students to have on hand the documents needed to provide accurate information.

The material that follows gives a step-by-step discussion of the "core" questions, with nearly every item on the forms identified by number. (It may be helpful to refer to the AFSA facsimile on pages 29-35). Again, urge students to read the instructions.

Note that the term "you" in each application's instructions always refers to the student.

Green Form, Step 1: You and your parents

AFSA	FAF/SAAC	PHEAA	FFS
Step 1 (Forms 1 and 2)	19, 20, 21	29, 30, 31	15, 16, 17

The basic premise used in assessing need and awarding student aid is that financial aid should supplement, not replace, the assistance given by parents to their children. Thus, if a student has access to parental financial support, the parents' financial information should be reported so that their ability to contribute to the student's education can be evaluated and made part of the student's eligibility determination.

While this premise is universally accepted, the practical application of it--who has to report parental income and who does not--has been one of the most difficult issues in student aid. Even the terms used to describe those who have to report parental income and those who do not--"dependent" and "independent"--typically evoke strong reactions from students labelled "dependent" who feel they are "on their own," and no longer depend on their parents for support.

It is important to stress to students that the dependency questions in Step 1 are designed to establish, in a universally applicable way, whether a financial link to the parents can reasonably be presumed, and that behind those questions lies the assumption that the parents have the primary responsibility for financing their children's education, even if those children are presently supporting themselves without help from the parents.

Since the financial resources of students are likely to be much less than those of their parents, students who file incorrectly as independent usually report less income and assets than they should and, in fact, less than they have access to. The financial need of these students is thus determined to be greater than it actually is, and the result is the students are overawarded. Therefore, it is very important that students answer the following dependency questions carefully:

- Did you live with your parents for more than six weeks (42 days) in 1985?
- Did your parents claim you as an income tax exemption in 1985?
- Did you get more than $750 worth of support from your parents in 1985?
- Will you live with your parents for more than six weeks (42 days) in 1986?

- Will your parents claim you as an income tax exemption in 1986?

- Will you get more than $750 worth of support from your parents in 1986?

Students who can answer "no" to all the dependency questions are considered independent and file using only their own income information.

Married applicants who can answer "no" to all the questions concerning 1986 are also considered independent, regardless of their answers to 1985 questions.

Unmarried students who can answer "yes" to at least one of the questions are considered dependent and must include their parents' financial information, regardless of their relationship with them.

NOTE: If a student's dependency status changes any time after he or she has submitted the 1986-87 application, he or she must update that status. For example, a student's answers to the dependency questions for 1985 and 1986 were all "no." However, after he applies, he unexpectedly moves in with his parents. The answers for 1986 will now be "yes." The student must update his status from "independent" to "dependent" by filing a "Correction" application. Students may obtain this application by requesting one through the financial aid administrator at their school, or by writing--

Correction Application
P.O. Box 84
Washington, D.C. 20044

The only exception to the requirement to update occurs when a change in marital status is involved. For example, a student who is married at the time he or she applies answers "yes" to all the dependency questions for 1985 and "no" to all the questions for 1986. He or she files as independent. However, a single student with the same answers must file as dependent. Even if this student marries after submitting the application, he or she may not update his or her dependency status to "independent," because none of the answers to the dependency questions has changed. Only the marital status has changed, and students are not permitted to update their marital status. Therefore, this student would remain on file as a single, dependent student.

If the answers to the dependency questions do change after the student applies--and if the changes alter his or her dependency status--he or she must update that status, regardless of any change in marital status. For example, a student's answers are all "no" for 1985 and all "yes" for 1986. The student files as dependent. Shortly after applying, she marries and will not be living with her parents as expected. The answers for 1986 will now all be "no." This student must update her dependency status; the change in marital status is irrelevant. In fact, when this student files a "Correction" application to change dependency status, she still files as "single," because marital status cannot be updated.

Definition of "Parents." The word "parents" means the student's natural or adoptive parent(s), or the student's legal guardian(s). "Legal guardian" is defined as a person a court has appointed, and who is directed to use his or

her own financial resources to support the student. The court must have declared that the guardianship will continue after June 30, 1987.

By this definition, then, many stepparents are not considered "parents." However, in most cases, dependent students will still have to report the income and asset information of their stepparents. See Step 7, Your parents, page 2-15).

Definition of "Live With." If students live in the same residence with their parents, they must answer "yes" to questions 1-1 and 1-4, even if they pay room and board. Even if the student pays market rent and has separate facilities, the parent-student relationship in a shared dwelling is such that the student cannot be considered independent. There usually is some advantage to the student, either in the quality of the living arrangements, shared household costs, or less tangible forms of assistance such as babysitting or transportation.

Note that two halves of a duplex or two adjacent townhouses would not be considered the same residence, provided they are designed as independent units that could be sold or rented separately. However, if the duplex or townhouse is owned by the student's parents, the student would probably have to pay the parent market rent to be able to answer "no" to the support ($750) questions.

If the parents live with the student in a residence owned by the student or rented in the student's name, the student is not considered to be living with the parents.

If the parents live in the home of a relative and the student lives with the parents, the student must answer "yes" to questions 1-1 and 1-4.

Definition of "Support." "Support" includes housing, food, clothing, money, gifts, loans, payment of college costs, a car, medical and dental care, etc.

Divorce or Separation of Parents. If the student's parents are divorced or separated, the student must answer all the dependency status questions about only one parent. There are several procedures to follow to determine which parent that is.

1. If the student lived with one parent longer than the other during the 12 months preceding the date the student applies, the student answers the dependency status questions about the parent he or she lived with longer.

   For example, a student applies on April 1, 1986. The student must determine which parent she lived with longer from April 1, 1985 through March 31, 1986. The student lived with her mother during April and May of 1985, and then lived with her father during June, July, and August of 1985. She returned to her mother's residence in September 1985 and lived there through March 31, 1986. Since she lived with her mother 9 out of the 12 months preceding the date of application, this student answers the dependency status questions about her mother.

2. If the student did not live with either parent, or lived with each parent an equal number of days, the dependency status questions apply to the parent who provided the greater amount of support (as defined on page 2-7) during the 12 months preceding application.

   For example, a student lives with his grandmother. The mother pays a total of $200 towards the student's clothing expenses. The father pays all of the student's medical and dental bills, makes the monthly payments on the student's car, and gives the student $100 a month in cash. In this case, the father is providing the greater amount of support, and the student must answer the dependency questions about him.

3. If the student did not receive support from either parent during the 12 months preceding the date of application, or received equal support from both, the student must go back to the most recent calendar year he or she received parental support and answer the dependency questions about the parent who provided the greater support.

   The following examples illustrate how students determine which parent has provided greater support when "the most recent calendar year" is used.

   In one case, a student fills out an application on June 1, 1986. For the preceding 12 months (June 1, 1985 through May 31, 1986), the student has lived with her grandparents and has received no support from either parent. However, going back to "the most recent calendar year," the student did live with her divorced mother from January 1, 1985 through May 31, 1985. (The student received no support from her father during that time.) Since the student received greater support from her mother during 1985, the student must answer all the dependency status questions about her mother. Since the student can answer "yes" to at least the first dependency question, she must file as a dependent student.

   To vary this example, suppose the same student, although living with her mother from January through May 1985, actually received greater financial support from her father during that time (more than $750). In that case, the student must answer all the dependency questions about her father. This means the student would answer "no" to the first dependency status question: she did not live with the parent who provided the greater amount of support for more than six weeks in 1985 (her father). If her father claims her as a tax exemption, she would answer "yes" to the second dependency question. (If he does not, she answers "no.") The student would answer "yes" to the third dependency question, because her father provided more than $750 in support. Once it has been established which parent provided greater support, all dependency questions are answered about that parent only.

In the preceding examples, it is clear which parent provided the greater amount of support. In some cases, however, the student does not know or is not sure. A student may believe both parents have always provided equal

amounts of support. Nevertheless, the student must determine which parent has provided the greater amount, even if the difference is small. It is important to remember that support is not only money the student may receive but also includes housing, clothing, medical expenses, loans, or gifts, as well. The student must evaluate all such items in determining amounts of support. In the case above, the student lived with her mother from January through May 1985 but answered the dependency questions about her father because he provided the greater support. If that support consisted solely of a new, expensive car for the student's high school graduation, but the cost of the car exceeded the mother's expenses for the student, then the gift of the car constitutes "greater support."

Death of Parent(s). If the student has been living with both parents and one dies before the student applies for aid, the dependency questions automatically apply to the living parent.

If a student's parents are divorced and the parent from whom the student receives the greater amount of support dies, the dependency status questions apply to the living parent. If the student can answer "yes" to any of those questions for either year (assuming the student is unmarried), he or she is considered a dependent of the living parent.

If both parents die before the student applies, he or she is considered independent and must answer "no" to all the dependency status questions, even if one or more of the answers would normally be "yes." The same is true if the remaining parent upon whom the student is dependent dies. For example, the answers to "Did you live with your parents for more than six weeks (42 days) in 1985?" "Will you live with your parents for more than six weeks (42 days) in 1986?" must be "no" for both years, even if the student did live with the parent(s) before their death for more than six weeks during either year.

Note that if a student lives with a parent and stepparent and the parent dies, the student is considered independent and must answer "no" to the questions above, unless the stepparent has adopted the student.

The preceding discussions pertain to the separation, divorce, or death of parent(s) before the student applies. The student should thus be able to determine if he or she is dependent and, if so, the parent to whom the dependency questions apply. This is important because elsewhere on the form (see "Your parents' 1985 income and deductions," page 2-17) the student must provide income information about that parent. This information determines the student's family financial strength and the student's need for financial aid.

If a student's parents separate, divorce, or die after the student applies, the family's financial circumstances may change for the worse, and the information from the application may no longer be accurate. In certain specific cases, a student may be able to file a "Special Condition Application" to reflect the change in his or her financial situation. (For information on this application, see Chapter 3.) The Special Condition Application can also be used to reflect a change in financial strength because of loss of employment or benefits. In those cases, students may be able to fill out a Special Condition Application instead of a regular form. It is a good idea to familiarize yourself with the information in Chapter 3 so that you can help your students determine if they are eligible to use the Special Condition Application.

Green Form, Step 2: Yourself

AFSA	FAF/SAAC	PHEAA	FFS
Step 2 (Forms 1 and 2)	1, 2, 3, 4, 6, 7	1, 2, 3, 5, 6, 9	1-8, 12

Step 2 of both forms of the AFSA, and Section A of the non-Federal forms request some basic information about the student--name, address, State of legal residence, date of birth, social security number, and citizenship status (see Appendix B for a complete discussion of "eligible non-citizen").

Green Form, Step 3: Your family

AFSA	FAF/SAAC	PHEAA	FFS
Step 3 (Forms 1 and 2)	11, 12	15, 16	10, 14

Step 3 of both forms of the AFSA and Section A of the non-Federal forms request information about the marital status of the student. All forms also ask whether the student's spouse will attend college at least half-time during 1986-87. ("Half-time" means that a student or spouse is in school at least half the academic year at an institution, and during that period is enrolled at least half-time. See page 1-2 for a more detailed discussion of "half-time".)

Green Form, Step 4: You and your school

AFSA	FAF/SAAC	PHEAA	FFS
Step 4 (Forms 1 and 2)	8, 10, 41, 44	17, 22, 23, 61	11, 9, 84, 82

Step 4-3 (both Form 1 and Form 2) of the AFSA, Item 41 of the FAF/SAAC, Item 17 of the PHEAA, and Item 84 of the FFS ask the student to designate the school or schools he or she is considering attending in 1986-87. On the AFSA, the student may designate one school. On the FAF and SAAC forms, the student may designate as many as eight. On the PHEAA, the student may designate two schools and, on the FFS, four.

When students who file the FAF, SAAC, or FFS forms list any schools in this item, the information from their application is automatically sent to those schools. Students who file the AFSA or the PHEAA form must indicate in the "Release" item (Step 4-4 of the AFSA; Item 60 of the PHEAA) that they want their information sent to a school. Schools use students' information to put together a roster of prospective aid recipients, which helps schools plan their financial aid allocations.

If the student fills out a form other than the AFSA and wants to be considered for Federal financial aid, he or she must check "yes" to the first release item.

All applications have a release that authorizes sending information from the student's application to his or her State financial aid agency. This is important because some States will use the information to determine the student's eligibility for State financial aid programs, to verify data on

State student aid applications, or to conduct research. Each year, these States sign an agreement with the U.S. Department of Education that protects the confidentiality of all information received.

Green Form, Steps 5 through 13

The following Steps (5-13) pertain to dependent students who fill out the Green Form. Instructions for these steps are on the green pages of the AFSA.

Green Form, Step 5: How much money did you have in 1985?

In this section, dependent students must provide 1985 financial information about themselves. The financial information in this section and in Step 9 of the Green Form and Step 6 of the Gray Form is taken from specific lines on the 1985 U.S. income tax return (Form 1040, 1040A, or 1040EZ), so it is important for students to have a tax form available when completing their aid applications. They may estimate the financial information requested, but they will have to change later any figures that prove to be incorrect.

If the student has already filed a tax return, the answers to Steps 5-1 and 5-2 must be copied directly from that return. (If a return has not yet been filed, the answers must be those that will be on the tax return.) Estimated information must correspond exactly to the information eventually entered on the tax form and submitted to IRS. If it does not, the student will have to correct the SAR so that it corresponds to the tax forms.

Green Form, Step 5-1

AFSA	FAF/SAAC	PHEAA	FFS
Step 5-1	35a	54a	41

If the student is divorced, separated, or widowed, then he or she should not include information for the spouse.

If the student (and spouse) did or will file a 1985 U.S. income tax return, then the amount reported here must be the amount from Form 1040, line 32; Form 1040A, line 14; or Form 1040EZ, line 3. Earnings from student financial aid programs based on financial need should not be included. Again, students who have not yet filed their 1985 tax return should, if possible, do so before they complete their application.

Note that if a high school student participates in the Stay-in-School Program, the income from that program must be reported here. The Stay-in-School Program offers employment in Federal agencies to students who need an income to be able to remain in school. Students who participate in the Stay-in-School Program while they are in college do not report that income: it is considered student aid to be used for the year's postsecondary education expenses.

If the student (and spouse) did not and will not file a 1985 U.S. income tax return, then the amount here should be derived by using the student's (and spouse's) financial records for 1985 income. These records should include--

- o The student's (and spouse's) wages, salaries, and tips (student financial aid should not be included)

- o Interest income and dividends after IRS exclusion

- o Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, social security, Railroad Retirement, and all other taxable income)

Any IRS allowable adjustments to income (moving expenses, employee business expenses, payments to IRA and Keogh accounts, interest penalty on early withdrawal of savings, alimony paid, and the deduction for a married couple when both work) should be subtracted from the total 1985 income.

Green Form, Step 5-2

AFSA	FAF/SAAC	PHEAA	FFS
Step 5-2	35b	54b	42

If the student (and spouse) did or will file a 1985 U.S. income tax return, the amount reported here must be the amount from Form 1040, line 50; Form 1040A, line 23; or Form 1040EZ, line 9. Make sure that students understand that this is the amount of taxes paid, not the amount withheld. Also make sure that students understand that no FICA, self-employment, or other taxes should be included here.

If the student (and spouse) have not yet filed a 1985 return, the amount reported here must be the amount of taxes that will be paid. This is the amount withheld minus any refund, or the amount withheld plus any additional amount due. Students should not copy the amount withheld from the W-2 Form. FICA, self-employment, or any other taxes should not be included.

Green Form, Step 5-3

AFSA	FAF/SAAC	PHEAA	FFS
Step 5-3	35c	54c	43

If the applicant is divorced, separated, or widowed, he or she should not include information for the spouse.

This amount includes untaxed income and benefits such as--

- o Deduction for a married couple when both work

- o Untaxed portion of social security benefits, except educational benefits; include Supplemental Security Income or disability benefits, etc.

- o Child support received for the student's children

- o Aid to Families with Dependent Children (AFDC or ADC)

- o Welfare benefits

- o Untaxed portions of unemployment compensation
- o Untaxed portions of Railroad Retirement Benefits or Black Lung Benefits
- o Worker's Compensation
- o Veterans benefits: include Death Pension, Dependency & Indemnity Compensation (DIC); don't include educational benefits or the Veterans' Administration's Vocational Rehabilitation Program benefits for postsecondary education
- o Job Training Partnership Act (JTPA) non-educational benefits
- o Any other untaxed income and benefits

The student should not include food stamps; money from student financial aid programs (educational loans, grants, or scholarships); or any income reported on the "adjusted gross income" line of the IRS 1040 (line 32 of Form 1040, line 14 of Form 1040A, or line 3 of Form 1040EZ). The above IRS references are found in Form 1, Step 5-1 on the AFSA, Item 35a on the FAF/SAAC, Item 54a on the PHEAA, or in Item 41 on the FFS.

Green Form, Step 5-4

AFSA	FAF/SAAC	PHEAA	FFS
Step 5-4 (Forms 1 and 2)	36	55	44

A dependent student's assets tend to fluctuate more than those of his or her parents, or more than those of an independent student. Dependent students should, however, be cautioned to be as exact as possible when supplying information for this item.

If the student is divorced, separated, or widowed, he or she should not include information for the spouse, except for any assets owned jointly with a spouse now deceased.

The amount for this item should include the value of the dependent student's (and spouse's) cash, savings, checking accounts, funds held in trust for the student or spouse, and the market values--minus the debts against them--of a home or other real estate, investments, or a business or farm. Possessions such as cars, boats, and musical instruments are not considered assets, nor are stamp collections, coin collections, etc. However, if a collection was purchased as an investment, and is not a hobby, it is considered an asset and must be reported. These same guidelines for reporting assets apply to the parents of dependent students (see page 2-23), and to independent students (page 2-27).

Green Form, Step 6: How much money will you have in 1986-87?

It is very important that students estimate carefully their expected income for the summer of 1986 and the school year of 1986-87. If the student's (and spouse's) base year income (the amount received in 1985) is greater than the estimated income by 40 percent or more, the estimated income will be used to calculate the student's eligibility for a Pell Grant.

Green Form, Steps 6-1 and 6-2

AFSA	FAF/SAAC	PHEAA	FFS
Steps 6-1, 6-2 (Forms 1 and 2)	15a, 15b	24A, 24B	73, 74 (student) 75, 76 (spouse)

For these items, the student must estimate the wages, salaries, tips, interest, and dividends, as well as any other earned or taxed income, that he or she (and his or her spouse) will receive for the three-month summer of 1986 and the nine-month school year of 1986-87. Students should not include any student financial aid, such as a job under a need-based cooperative education program. Students who participate in the Stay-in-School Program while they are in college do not report that income: it is considered student aid to be used for the year's postsecondary education expenses. However, if a high school student participates in the Stay-in-School Program, the income from that program must be reported here (see page 2-11).

Green Form, Steps 6-3 and 6-4

AFSA	FAF/SAAC	PHEAA	FFS
Steps 6-3, 6-4	16, 17	25, 26	77, 78

These two items ask the student to report the amount of veterans educational benefits he or she will receive per month from July 1, 1986 through June 30, 1987, and number of months the student will receive those benefits. Step 6-3 records the benefits received from the G.I. Bill and the Dependents Educational Assistance Program, and Step 6-4 records the benefits received from the Veterans' Administration Contributory Benefits (VEAP). For Step 6-4 students should include both the government and student portions.

Students should not include Death Pension, Dependency & Indemnity Compensation (DIC), the Veterans' Administration's Vocational Rehabilitation Program benefits, or the spouse's G.I. Bill.

Green Form, Step 6-5

AFSA	FAF/SAAC	PHEAA	FFS
Step 6-5	18	27	79

This item should contain the total amount of other untaxed income and benefits the student (and spouse) will receive from July 1, 1986 through June 30, 1987. This includes--

- Untaxed portions of social security benefits
- Child support received for the student's children
- Welfare benefits
- Aid to Families with Dependent Children (AFDC or ADC)
- Untaxed portions of unemployment compensation
- Worker's Compensation

- Veterans benefits such as Death Pension, Dependency & Indemnity Compensation (DIC), etc. The student should not include educational benefits, Veterans Administrations' Vocational Rehabilitation Program benefits for postsecondary education, or benefits that he or she gave in Steps 6-3 and 6-4 of Form 1 on the AFSA, Items 16 and 17 on the FAF/SAAC, Items 26 and 27 on the PHEAA, or the benefits in Items 77 and 78 on the FFS.

- Spouse's G.I. Bill

- Housing, food, and other living allowances for military, clergy, and others (this should include the cash payments and the cash value of the benefits)

- Job Training Partnership Act (JTPA) non-educational benefits

- Any other untaxed income and benefits, such as Black Lung, Railroad Retirement Benefits, etc.

This item does not include--

- Food stamps

- Money from student aid programs (educational loans, work-study earnings, grants, or scholarships)

- Any of the income or benefits reported in Steps 6-1, 6-2, 6-3, and 6-4 on Form 1 of the AFSA, in Items 15 through 17 on the FAF/SAAC, Items 24 through 26 on the PHEAA, or in Items 73 through 78 on the FFS

Green Form, Step 7: Your parents

AFSA	FAF/SAAC	PHEAA	FFS
Steps 7-1, 7-2, 7-3	23d, 23e, 23f	33, 34, 35	45, 46, 47

Step 7 of the AFSA and the corresponding items on the other forms (listed above) ask for information about the student's parents. "Parent(s)" generally means the person(s) referred to in the "You and your parents" section (see page 2-5). However, a stepparent must be considered a parent (and thus part of the household for the purposes of Step 7 and Step 8) if--

- the student did or will live with the stepparent and the parent counted in "You and your parents" (Step 1) for more than 6 weeks in 1985 or 1986, or

- the student did or will receive more than $750 in support from the stepparent in 1985 or 1986

Note that this is the first point on the application that the student's relationship with his or her stepparent is considered. Under "You and your parents," students answer the questions only about their natural or adoptive parent(s) or legal guardian(s). Once that dependency link has been established, however, the support the stepparent provides is considered.

It is important that students realize that if a stepparent is considered a parent according to the criteria in "Your parents," he or she is considered a parent for purposes of the rest of the application. This means that subsequent information provided about a parent--including income information--(see "Your parents' 1985 income and deductions," page 2-17) must also be provided for the stepparent.

If the student must count his or her stepparent as a parent according to the two criteria listed on the preceding page, the parents' marital status is "married." The student checks the "married" box in Step 7-1 on the AFSA, Item 23d on the FAF/SAAC, Item 33 on the PHEAA, and Item 45 on the FFS.

Green Form, Step 8: Who will be a part of your parents' household in 1986-87?

AFSA	FAF/SAAC	PHEAA	FFS
Step 8-1	23a, 23b, 23c	36, 38(a) and (b)	48, 49, 50

In addition to the student's parents and the student, the parents' household size also includes the family members the student's parents will support for the entire 1986-87 award year (July 1, 1986 through June 30, 1987). The number should include the parents' other dependent children and the student's dependent children, if any. A dependent student's spouse is not included here. When a student checks that he or she is married (Step 3-1 on the AFSA, Item 11 on the FAF/SAAC, Item 15 on the PHEAA, or Item 10 on the FFS), the eligibility formula automatically counts the spouse. Including the spouse as part of the household size would cause double counting.

Other people should be included in the household size only if--at the time the student applies--they live with, and will receive more than half their support from, the student's parents from July 1, 1986 through June 30, 1987.

NOTE: If the household size changes after the student has submitted the application, he or she must update this item before submitting the Student Aid Report (SAR) to his or her institution. The exception to this requirement is that a student may not update household size because he or she has acquired or lost a spouse since the time of application. Marital status cannot be updated, and any item that changes as a direct result of a change in marital status cannot be revised. For example, a single student gives the number of family members as "03" on the application. If she marries after submitting the application, she may not update her household size to "04."

Unless a student is subsequently selected for verification (see page 1-4), he or she may not update household size after turning in his or her first SAR to the school.

Green Form, Steps 8-2 and 8-3

AFSA	FAF/SAAC	PHEAA	FFS
Steps 8-2, 8-3 (Form I)	23b, 23c	38a, 38b	49, 50

Students tend to overstate the number in the household who will be attending a postsecondary institution.

The number in Step 8-2 should include the student who is applying for aid and any other member of the household noted in Step 8-1, Item 23a on the FAF/SAAC, Item 36 on the PHEAA or FFS Item 48 (including the parents), who will be attending a postsecondary institution at least half-time between July 1, 1986 and June 30, 1987. "Half-time" means that a student or spouse is in school at least half the academic year at an institution, and during that period is enrolled at least half-time. Half-time enrollment means at least six semester or quarter hours per term at institutions with standard academic terms, or 12 semester hours or 18 quarter hours per year at institutions that use credit hours but do not have standard academic terms. If the school measures progress by "clock hours," "half-time" means at least 12 clock hours per week.

Step 8-3 is a subset of Step 8-2 and asks for the number of parents who will be attending a postsecondary institution at least half-time during the same time period.

NOTE: As with household size, if the number to be enrolled in postsecondary education changes after the student has submitted the application, he or she must update this item before submitting the Student Aid Report (SAR) to his or her institution. Also as in household size, the student may not update the number in postsecondary school if it is affected by a change in marital status. For example, a single student gives the number to be enrolled in postsecondary education as "01." He marries after submitting the application and his spouse will be attending postsecondary school as well. However, he may not update this item to "02" to include the spouse.

Unless a student is subsequently selected for verification, he or she may not update the number in postsecondary education after turning in his or her first SAR to the school.

Green Form, Step 9: Your parents' 1985 income and deductions

AFSA	FAF/SAAC	PHEAA	FFS
Steps 9-1 through 9-7	24 through 29	42 through 47	51 through 57

In this section, dependent students must provide 1985 financial information about their parent(s). As noted earlier, the financial information in this section is taken from specific lines on the 1985 U.S. income tax return (Form 1040, 1040A, or 1040EZ), so it is important for students to have a tax form available when completing their aid applications. They may estimate the financial information requested, but they will have to change later any figures that prove to be incorrect.

Generally, dependent students report the income of the parent(s) about whom the dependency status questions were answered (see "You and your parents," page 2-5). If the student's parents are married and living together but they file separate returns, the information from both returns is used. For example, in Step 9-3 on the AFSA, the income reported would be the combined amount from both parents' tax returns.

If the dependent student reports income for only one parent, but that parent did or will file a joint return, the student should report only that parent's portion of income, taxes paid, and expenses, except for the married couple

deduction item (Step 9-5). For that item, the student should fill in one-half of the amount reported on the joint return for the married couple deduction.

If a parent dies during 1985, the student should report only the income of the living parent, even if the 1985 tax return shows both parents' incomes. However, the student must report both parents' assets at the time of application, as well as any interest or dividends earned.

Remember that if the stepparent is considered a parent (see "Your parents," page 2-15), his or her financial information must be reported in this section. There are no exceptions to this rule; disclaimers of support from the stepparent are not acceptable.

Green Form, Step 9-1

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-1	24	42a	51

Students must indicate whether the tax information is from a completed return or is estimated, or whether no tax return will be filed. If no tax return will be filed, the student skips the rest of Step 9 of the AFSA and goes on to Step 10. On the non-Federal forms, the student skips Items 25 through 29 on the FAF/SAAC, Items 43 through 47 on the PHEAA, and skips Items 52 through 57 on the FFS.

If the student or parent did or will file a tax return, the answers for the items or steps mentioned above must be copied directly from the tax return. If a return has not yet been filed, then the answers must be those that will be on the tax return. The student should use a blank 1985 U.S. income tax return to help answer these items.

Estimated information must correspond exactly to the information eventually entered on the tax form and submitted to IRS. If it does not, the student will have to correct the SAR so that it corresponds to the tax form.

Green Form, Step 9-2

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-2	25	43a	52

This item should contain the amount from IRS Form 1040, line 6f; or Form 1040A, line 5f. Note that this number may differ from that given for household size in Step 8-1. For example, in the case of a divorce and remarriage, a student who lived with his or her mother and stepparent for more than six weeks in 1985 would be counted in the household size for that family, even though the natural father takes the student as a tax exemption.

If the student uses the 1040EZ, he or she should write in "01" for this item.

Green Form, Step 9-3

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-3	26	44a	53

The amount from Form 1040, line 32; Form 1040A, line 14; or Form 1040EZ, line 3 must be entered here.

Note that if a high school student participates in the Stay-in-School Program, the income from that program must be reported here. The Stay-in-School Program offers employment in Federal agencies to students who need an income to be able to remain in school. Students who participate in the Stay-in-School Program while they are in college do not report that income: it is considered student aid to be used for the year's postsecondary education expenses.

If a parent or student has not filed a U.S. income tax return but has made money in another country and has paid taxes to a central government, the figure most nearly equivalent to "Adjusted Gross Income" should be reported here, and expressed in dollars rather than in foreign currency. For convenience, the current rate of exchange may be used.

Green Form, Step 9-4

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-4	27	45a	54

The amount entered must be that from Form 1040, line 50; Form 1040A, line 23; or Form 1040EZ, line 9. Make sure that students understand that this is the amount of taxes paid, not the amount withheld. Students occasionally make the mistake of copying the amount of "Federal income tax withheld" from a W-2 Form. Also make sure that students understand that no FICA, self-employment, or other taxes should be included here.

If the information is being taken from a foreign tax return, the "tax paid" figure should be expressed in U.S. dollars.

Green Form, Step 9-5

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-5	28a	46aa	57

This deduction is for a married couple when both work. The amount entered is the amount from Form 1040, line 30; or from Form 1040A, line 12. If a tax return has not yet been filed, the deduction should be estimated.

Green Form, Step 9-6

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-6	28b	46bb	55

This item applies to dependent students only on all forms except PHEAA's, where it applies to both dependent and independent students. The amount to be entered is the amount from Form 1040, lines 26 and 27; Form 1040A, line 11; or the estimated amount of payment to an IRA and/or Keogh for 1985.

Green Form, Step 9-7

AFSA	FAF/SAAC	PHEAA	FFS
Step 9-7	29	47a	56

If deductions were itemized, this item must contain the figure from Form 1040, Schedule A, line 24. Students whose families own a business or farm must not use the amount from Schedule C or F. If deductions were not itemized, or if the student (or student's family) filed a Form 1040A or Form 1040EZ, the student should write in "0."

Green Form, Step 10: Your parents' earnings, benefits, and expenses

AFSA	FAF/SAAC	PHEAA	FFS
Steps 10-1 through 10-5	30 through 33	48 through 51	58 through 64

Green Form, Steps 10-1 and 10-2

AFSA	FAF/SAAC	PHEAA	FFS
Steps 10-1 and 10-2	30a and b	48a and b	58, 59

These questions ask for information on the separate earned income amounts of the student's father and mother. In general, "income earned from work" refers to wages, salaries, tips, and farm or business income. For most students, this amount will be the amounts reported on IRS Form 1040, line 7; Form 1040A, line 6; or Form 1040EZ, line 1. If a farm or business is owned, the student must include the amounts from Form 1040, lines 12 and 19. If the student's parents filed a joint return, the student must separate the father's and mother's earnings.

This is also where income earned from work is recorded for those who did not and will not file a 1985 tax return. Earned income that need not be reported to IRS nevertheless must be reported as taxable or earned income when applying for financial aid. This income figure should be taken from the parents' W-2 form. It should also include any other earnings from work not included on the W-2.

Green Form, Step 10-3

AFSA	FAF/SAAC	PHEAA	FFS
Step 10-3	31a, b, and c	49Aa, Bb, and Cc	60, 61, 62

This item is divided into three parts. The first part asks for social security benefits, the second part for Aid to Families with Dependent Children (AFDC or ADC), and the third part asks for all other untaxed income and benefits. The instructions to the application give the student a worksheet to help complete this item correctly.

Green Form, Step 10-3A

AFSA	FAF/SAAC	PHEAA	FFS
Step 10-3A	31a	49Aa	60

The student should report the total amount (not the monthly amount) of untaxed social security benefits (including Supplemental Security Income) received in 1985. The student should not report any benefits already reported in Step 9-3 (or in Item 26 on the FAF/SAAC, Item 44 on the PHEAA, or in Items 21 and 53 on the FFS).

A dependent student reports only the amount of benefits the parents received for the student and for the parents' other children. An independent student reports the amount he or she (and his or her spouse) received and any amounts received for the student's children.

Occasionally, students ask what amount of social security benefits should be reported if their parents received more social security than they should have in 1985 and must give back the overpayment. In such a case, students should report the amount of money the parents actually received during 1985. Social security overpayments are treated just like taxable income overpayments. Anyone who receives an overpayment of taxable income--such as salary--must report the full amount to IRS and pay taxes on that amount. The amount of the overpayment (and the tax on it) would also be reported on a student financial aid application. Therefore, social security overpayments (or overpayments of any untaxed income) would also be reported on the student aid application. However, if the student or family had to repay the overpayment during 1985, only the net amount received during 1985 would be reported.

Similarly, if the parents were underpaid in 1984 and, as a result, received more social security than usual in 1985 because they were paid what was owed them from 1984, the student would report the amount actually received in 1985.

Green Form, Step 10-3B

AFSA	FAF/SAAC	PHEAA	FFS
Step 10-3B	31b	49Bb	61

The dependent student should write in the total amount of benefits (not the monthly amount) his or her parent(s) received in 1985.

Green Form, Step 10-3C

AFSA	FAF/SAAC	PHEAA	FFS
Step 10-3C	31c	49Cc	62

There is a wide variety of untaxed income that must be included here, such as--

- o Child support
- o Welfare benefits (except AFDC or ADC, which should be reported in Step 10-3B, Item 31b of the FAF/SAAC, Item 49Bb of the PHEAA, or in Items 28 and 61 on the FFS)
- o Untaxed portions of unemployment compensation (excluding those amounts reported in the Green Form, Step 9-3 on the AFSA; Item 26 on the FAF/SAAC; Item 44 on the PHEAA or in Items 21 and 53 on the FFS)
- o Untaxed portions of Railroad Retirement Benefits
- o Worker's Compensation
- o Job Training Partnership Act (JTPA) non-educational benefits

- o Veterans benefits: include Death Pension and Dependency & Indemnity Compensation (DIC); don't include educational benefits or Veterans' Administration's Vocational Rehabilitation Program benefits for postsecondary education
- o Interest on tax-free bonds
- o IRS dividend exclusion from IRS Form 1040, line 9b; or Form 1040A, line 8b
- o Untaxed portions of pensions
- o Untaxed portions of capital gains
- o Dividend reinvestment exclusion from Form 1040, Schedule B, line 8
- o Foreign income exclusion from IRS Form 2555, line 39
- o Housing, food, and other living allowances for military, clergy, and others (this should include the cash payment and the cash value of the benefits)
- o Any other untaxed income and benefits such as Black Lung Benefits, excess earned income credit, etc.

Students should not include any of the following types of income or benefits:

- o Social security
- o Any income reported on Form 1, Steps 9-3, 9-5, and 9-6 and in Steps 10-1, 10-2, and 10-3A and B on the AFSA; Items 26, 28a and b, 30a and b, and 31a and b on the FAF/SAAC; Items 44, 46a and b, 48a and b, 49Aa and Bb on the PHEAA; or, on the FFS, any income from Items 21, 24, and 25 through 28 (for independent students); or income from Items 53, 55, 57, 58, 59, 60, and 61 (for dependent students)
- o Money from student financial aid programs (educational loans, grants, or scholarships)
- o Veterans benefits for education (GI Bill, Dependents Educational Assistance Program, or Veterans' Administration Contributory Benefits)
- o Gifts and support, other than money, received from friends or relatives
- o Food stamps
- o Money paid into tax sheltered or deferred annuities or money rolled over from one pension to another.

Green Form, Step 10-4

AFSA	FAF/SAAC	PHEAA	FFS
Step 10-4	32	50	63

If these expenses were itemized on the tax return, the total of lines 1, 2a (minus any insurance premiums), 2b, and 2c of Form 1040, Schedule A, should be entered in this item. If these expenses were not itemized, the amount here should reflect the total medical and dental expenses actually paid during 1985 that were not covered by insurance. Note that insurance premiums cannot be included in this figure.

If one parent (or spouse) dies, the student should still report the total expenses because the living spouse would have to pay the deceased's debts.

Green Form, Step 10-5

AFSA	FAF/SAAC	PHEAA	FFS
Step 10-5	33	51	64

This item includes the amount actually paid for elementary, junior high, and high school tuition in 1985. (Tuition does not include room, board, books, transportation, etc.) Tuition paid for the student, for pre-schoolers, or for college students should not be reported, nor should any amounts paid by scholarships.

Green Form, Step 11: Your parents' assets

AFSA	FAF/SAAC	PHEAA	FFS
Step 11	37 through 40	56 through 59	65 through 71

Dependent students report the value of their parents' assets (and any debts on those assets). If the student's parents have jointly owned assets, but the parents are divorced or separated, the student should report only the assets (and debts) of the parent whose financial information is being provided on the application. If both parents' information is being reported and they have assets owned jointly with someone else, the student should report only the parents' portion of the total assets and debts.

Students should not include any of the parents' personal or consumer loans, or any debts not related to the assets listed.

Green Form, Step 11-1

AFSA	FAF/SAAC	PHEAA	FFS
Step 11-1	37	56a	65

This figure should include cash on hand, as well as amounts in checking and savings accounts, on the day the application is signed. Student financial aid should not be included.

Green Form, Steps 11-2A and B

AFSA	FAF/SAAC	PHEAA	FFS
Steps 11-2A and B	38	57a and b	66, 67

Home value is frequently underestimated. The worth of a home is its current market value, that is, the amount for which the home could have been sold at

the time the student signed the application. Home value is not the assessed, insured, or tax value, nor is it the original purchase price. Students may want to check the sale price of homes in their neighborhood to help them determine their home's market value.

Note that a "home" is a house, mobile home, condominium, etc., which has been purchased. Renters should write in "0" for this item.

The amount owed on the home should include all unpaid mortgages (excluding interest due), as well as unpaid home improvement loans.

Green Form, Steps 11-3A and B

AFSA	FAF/SAAC	PHEAA	FFS
Steps 11-3A and B	39	58a and b	68, 69

The amount reported here should include the current value of all stocks, bonds, securities, money market funds, certificates of deposit, commodities, precious and strategic metals, trust funds, and real estate (excluding the home), and the debts against these investments. Note that personal or consumer debts cannot be listed in these items, and the value of pensions or retirement plans should not be included.

Green Form, Steps 11-4A and B

AFSA	FAF/SAAC	PHEAA	FFS
Steps 11-4A and B	40	59a and b	70, 71

The amount reported as business and farm assets should be the current market value of all property used in the operation of a business or farm, including land, inventories, machinery and other equipment, livestock, buildings, patents, franchise rights, and copyrights. Debts reported should include the present mortgage and related debts for which the farm or business was used as collateral.

Only the parents' (or student's) share of the business and farm value and debt should be entered, if they are not the sole owners.

Even though the student's house may be part of the farm, its value and debt should be reported only under "Home" (see page 2-23, Step 11-2A and B).

Green Form, Step 12: What your parents expect their income to be in 1986

AFSA	FAF/SAAC	PHEAA	FFS
Step 12	34	53	72

This item asks for the combined total of taxable and untaxed income and benefits the dependent student's parents expect to receive in 1986. On the AFSA, taxable income includes the types of income asked for in Steps 9-3, 10-1, and 10-2; on the FAF/SAAC Items 26 and 30a and b; and on the PHEAA Items 44 and 48a and b. Untaxed income includes the types of income asked for in Steps 9-5, 9-6, and 10-3A, B, and C on the AFSA; Items 28a and b, and 31a, b, and c of the FAF/SAAC; and Items 46a and b and 49Aa, Bb, and Cc of the PHEAA.

If an applicant completes an FFS, taxable income includes the types of income asked for in Items 53, 58, and 59. Untaxed income includes the types of income asked for in Items 58 through 62.

Green Form, Step 13: Read and sign

AFSA	FAF/SAAC*	PHEAA	FFS
Step 13		62	85, 86

The student must sign the application. All dependent students' applications must also have a parent's signature. If the student is married, his or her spouse must also sign. Unless all persons for whom financial information is reported certify the validity of the information submitted and agree to provide supporting documentation, if requested, the application will not be processed. No portion of the certification statement may be crossed out or modified.

There may be circumstances when it will not be possible for a student to obtain a parent's signature. Under certain specific conditions, a third party (such as a financial aid administrator or high school guidance counselor) may sign the application in place of the parent. This is permissible only if--

- the parent(s) is not currently in the United States
- the current address of the parent(s) is unknown
- the parent(s) has been determined physically or mentally incapable of providing a signature

There is no exception to the signature requirement when the parent refuses to provide necessary financial information, or when the student feels that a financial relationship no longer exists. The parent's information--and therefore the parent's signature--must be provided if the student completes the Green Form.

The student should put the Green Form in the green envelope that comes with the form. The post card that comes with the booklet should be filled out, stamped, and included with the form. (Note that the AFSA is the only application that includes a post card. The post card will be returned to the applicant in a few weeks and will tell him or her when to expect the SAR.)

*The certification on the 1986-87 FAF and SAAC forms appears below Section G.

Gray Form, Steps 1-5

The Gray Form is for financially independent students. The answers to the questions on page 3 of the AFSA determine whether or not a student is financially independent of his or her parents.

Since many of the questions on the Gray Form are also asked of dependent students on the Green Form, the explanations accompanying those questions will not always be repeated here. When explanation of a question common to both forms is not repeated, a cross-reference will be provided to the relevant question on the Green Form. Therefore, applicants should bear in mind that in reading cross-references they should substitute "independent students" for "dependent students" or "parents" in the relevant questions and explanations. Each step on the Gray Form also will be cross-referenced to the corresponding item on the non-Federal form, so this information can be used no matter which form--Federal or non-Federal--the student completes.

Step 1 through Step 4 of the AFSA establish dependent or independent status, request information about the student and about his or her family, parents, and school. Those Steps are the same on both the Green Form and the Gray Form with one exception: Gray Form, Step 1 has one additional item. Step 1-7 of the Gray Form requires certification by a parent of the student's status, if he or she was born after May 31, 1964, and has a parent still living. For information on how to fill out the remainder of Steps 1 through 4 on the Gray Form, see pages 2-5 through 2-11.

Items on the non-Federal financial aid forms which correspond to Steps 1 through 4 on the Gray Form are as follows:

ASFA	FAF/SAAC	PHEAA	FFS
Gray Form			
1	19-22	29-32	15-18
2	1-4, 6, 7	1-3, 5, 6, 9	1-8, 12
3	11, 12	15, 16	10, 14
4	8, 10, 41, 44	22, 23, 17, 61	11, 9, 84, 82

Steps 5 through 10 of the Gray Form are discussed below.

Gray Form, Step 5: Who will be a part of your household in 1986-87?

AFSA	FAF/SAAC	PHEAA	FFS
Step 5	23a and b	39, 40	39, 40

Gray Form, Step 5-1

ASFA	FAF/SAAC	PHEAA	FFS
Step 5-1	23a	39	39

This number should include the student, spouse, and all dependent children who will receive more than half their support from the student (and spouse) for the entire 1986-87 award year (July 1, 1986 through June 30, 1987). If the family is expecting a child at the time the student applies, the expected child should also be included in the number given for household size.

Other persons should be included only if they are living in the household at the time the student applies and will receive more than half their support from the student (and spouse) from July 1, 1986 through June 30, 1987.

If the number in the household changes, the student must update this information (see the "NOTE" on page 2-17.)

Gray Form, Step 5-2

AFSA	FAF/SAAC	PHEAA	FFS
Step 5-2	23b	40	40

This number should include anyone counted in Step 5-1 (Item 23a of FAF/SAAC, Item 39 on the PHEAA, and FFS Item 39) who will be enrolled in a postsecondary institution at least half-time between July 1, 1986 and June 30, 1987.

If the number to be enrolled in postsecondary education changes, the student must update this information. (See the "NOTE" on page 2-17).

Gray Form, Step 6: Your 1985 income and deductions

AFSA	FAF/SAAC	PHEAA	FFS
Steps 6-1 through 6-6	24 through 28a, 29	42b, 43b, 44b 45b, 46c and 47b	19 through 24

The independent student provides the same information about his or her income tax paid (or estimated) as does the dependent student about his or her parents on the Green Form, Step 9, with one exception: the independent student is not required to provide information about IRA and Keogh plans. For information and instructions on how to fill out Steps 6-1 through 6-6 see pages 2-17 to 2-20. If the independent student will not file a tax return for 1985, he or she should skip Steps 6-2 through 6-6 and go directly to Step 7 of Form 2.

Gray Form, Step 7: Your earnings, benefits, and expenses

AFSA	FAF/SAAC	PHEAA	FFS
Steps 7-1 through 7-5	30 through 33	48c and d, 49Ad, 49Be, 49Cf, 50b, 51b	25 through 31

The independent student provides the same information about himself (or herself) and his (or her) spouse as does the dependent student for his or her parents on the Green Form, Step 10. For information and instructions on what should be counted as earnings, benefits, and expenses see pages 2-20 to 2-23.

Gray Form, Step 8: Your assets

AFSA	FAF/SAAC	PHEAA	FFS
Steps 8-1 through 8-4	37 through 40	56c, 57c and d, 58c and d, 59c and d	32 through 38

The independent student provides the same information about his or her assets as does the dependent student about the assets of his or her parents in the Green Form, Step 11. If the independent student is divorced or separated and has jointly owned assets with the former spouse, then only the student's portion of the assets and debts should be reported. If both the student's and spouse's information is being reported and they have assets owned jointly with someone else, then only the student's and spouse's portions should be reported.

For information and instructions on the kinds of assets to be listed, see pages 2-23 to 2-24.

Gray Form, Step 9: How much money will you have in 1986-87?

AFSA	FAF/SAAC	PHEAA	FFS
Steps 9-1 through 9-5	15 through 18	24A and B, 25, 26, 27	73, 74, 77, 78 (student) 75, 76 (spouse) 79 (student and spouse)

The independent student provides the same information about expected income and benefits as does the dependent student on the Green Form, Step 6. For information and instructions on the kinds of taxable and untaxed income and benefits to be listed, see pages 2-13 to 2-15.

Gray Form, Step 10: Read and sign

AFSA	FAF/SAAC*	PHEAA	FFS
Step 10		62	85, 86

The student must sign the application. The spouse of an independent applicant must also sign. Unless all persons for whom financial information is reported certify the validity of the information submitted and agree to provide supporting documentation, if requested, the application will not be processed. No portion of the certification statement may be crossed out or modified.

The student should put the Gray Form in the gray envelope that comes with the form. The post card that comes with the booklet should be filled out, stamped, and included with the form. The post card will be returned to the applicant in a few weeks and will tell him or her when to expect the SAR.

* The certification on the 1986-87 FAF and SAAC forms appears below Section G.

FORM APPROVED
OMB NO. 1840-0110
APP EXP 6/30/87

U.S. Department of Education
Student Financial
Assistance Programs

Application for Federal Student Aid

School Year 1986 – 87

WARNING: If you purposely give false or misleading information on this form, you may get a $10,000 fine, a prison sentence, or both.

"You" and "your" on this form always mean the student who wants aid.

FORM 1—GREEN

Step 1: You and your parents

Copy in this step your answers from the worksheet on page 3 of the instructions.

		If you are single, separated, divorced or widowed, fill in this column		If you are married, fill in this column	
		Yes	No		
1-1.	**Did** you live with your parents for more than six weeks (42 days) **in 1985?**	☐	☐		
1-2.	**Did** your parents claim you as an income tax exemption **in 1985?**	☐	☐		
1-3.	**Did** you get more than $750 worth of support from your parents **in 1985?**	☐	☐	Yes ☐	No ☐
1-4.	**Will** you live with your parents for more than six weeks (42 days) **in 1986?**	☐	☐	☐	☐
1-5.	**Will** your parents claim you as an income tax exemption **in 1986?**	☐	☐	☐	☐
1-6.	**Will** you get more than $750 worth of support from your parents **in 1986?**	☐	☐	☐	☐

If you answered "Yes" to **any** question in this step, you have the right form. Go on with this form. **Do not fill out the gray form.**

If you answered "No" to every question in this step, you have the wrong form. **Fill out the gray form instead, using the gray instructions.**

Step 2: Yourself

2-1. Your name

Last | First | M.I.

2-2. Your permanent mailing address (Mail will be sent to this address. See page 5 for State abbreviation.)

Number and Street (Include Apt. No.)

City | State | Zip Code

2-3. Your State of legal residence

State

2-4. Your date of birth

Month – Day – Year

2-5. Your social security number

– –

2-6. Are you a U.S. citizen?

- ☐ Yes, I am a U.S. citizen.
- ☐ No, but I am an eligible non-citizen. (See instructions.)
- ☐ No, neither of the above. (See instructions.)

Step 3: Your family

3-1. Are you married?

- ☐ I am not married. (I am single, divorced, or widowed.)
- ☐ I am married.
- ☐ I am separated from my spouse.

3-2. Is your spouse attending college at least half-time during 1986 – 87?

- ☐ Yes
- ☐ No
- ☐ Student unmarried

Step 4: You and your school

4-1. What year will you be in college in 1986 – 87? (Put an X in only one box.)

- ☐ 1st
- ☐ 2nd
- ☐ 3rd
- ☐ 4th
- ☐ 5th or more (undergraduate)
- ☐ First year graduate or professional (after a Bachelor's degree)
- ☐ Continuing graduate or professional

4-2. Will you have your first Bachelor's degree before July 1, 1986?

- ☐ Yes
- ☐ No

4-3. What college do you plan to go to in 1986 – 87?

Name of college _____

Address _____

City _____ State ☐☐

4-4. Do you give the U.S. Dept. of Education permission to send information from this form to:

the financial aid agency in your State?	the college you named in 4-3 (or its representative)?
☐ Yes	☐ Yes
☐ No	☐ No

NOTE: You may have to fill out an additional form to get aid from your college or State. See the instructions.

Step 5: How much money did you have in 1985?

(Don't include any student financial aid such as College Work-Study earnings.)

5-1. Your (& your spouse's) 1985 income from IRS Form 1040-line 32, 1040A-line 14, or 1040EZ-line 3, or see instructions $ _____ 00

5-2. Your (& your spouse's) 1985 U.S. income tax paid (Form 1040-line 50, 1040A-line 23, 1040EZ-line 9) $ _____ 00

5-3. Your (& your spouse's) 1985 untaxed income and benefits (See instructions.) $ _____ 00

5-4. Your (& your spouse's) savings and net assets (See instructions.) $ _____ 00

Step 6: How much money will you have in 1986 – 87?

6-1. Your taxable income (Don't include student financial aid such as College Work-Study earnings.)

6-1A. Summer of 1986 3 months $ _____ 00

6-1B. School year of 1986 – 87 9 months $ _____ 00

6-2. Your spouse's taxable income (Don't include student financial aid such as College Work-Study earnings.)

6-2A. Summer of 1986 3 months $ _____ 00

6-2B. School year of 1986 – 87 9 months $ _____ 00

6-3. Your veterans GI Bill and Dependents Educational Assistance benefits

6-3A. Amount per month $ _____ 00 a month

6-3B. Number of months ☐☐ months

6-4. Your Veterans Contributory Benefits (VEAP)

6-4A. Amount per month $ _____ 00 a month

6-4B. Number of months ☐☐ months

6-5. Other untaxed income and benefits that you (and/or your spouse) will get from July 1, 1986 through June 30, 1987 (Don't include income or benefits given in 6-1, 6-2, 6-3, or 6-4.) $ _____ 00

On the rest of this form we ask questions about your parents. "Parents" here may mean different people from "parents" in Step 1. If your natural parents are separated or divorced, if your parent is widowed or single, or if you have a stepparent, you must read page 7 of the instructions now.

Step 7: Your parents

7-1. What is your parents' current marital status?

- ☐ single
- ☐ married
- ☐ divorced
- ☐ separated
- ☐ widowed

7-2. What is your parents' State of legal residence?

└┴┘ State

7-3. How old is the older of your parents?

└┴┘ years

Step 8: Who will be a part of your parents' household in 1986 – 87?

8-1. Number of family members in 1986 – 87

└┴┘

(Write in the total number of people that your parents will support in 1986 – 87. Always include yourself. Also include your parents and your parents' other dependent children. Include other people only if they meet the definition in the instructions.)

8-2. Number of college students in 1986 – 87

└┴┘

(Of the number in 8-1, write in the number of family members who will be in college at least half-time. Include yourself.)

8-3. Number of parents in college in 1986 – 87 (Check one.)

- ☐ No parent will be in college at least half-time.
- ☐ One parent will be in college at least half-time.
- ☐ Both parents will be in college at least half-time.

Step 9: Your parents' 1985 income and deductions

9-1. The following 1985 U.S. income tax figures are. . .

- ☐ from a completed return (Fill out the rest of Step 9.)
- ☐ estimated (Fill out the rest of Step 9.)
- ☐ A tax return will not be filed. (Skip the rest of Step 9. Go to Step 10.)

9-2. 1985 total number of exemptions (Form 1040-line 6f, 1040A-line 5f, or 1040EZ-write in "01") └┴┘

9-3. 1985 income from IRS Form 1040-line 32, 1040A-line 14, or 1040EZ-line 3, or use the worksheet on page 8 $ _____ 00

9-4. 1985 income tax paid (Form 1040-line 50, 1040A-line 23, or 1040EZ-line 9) $ _____ 00

9-5. 1985 deduction for married couple when both work (Form 1040-line 30 or 1040A-line 12) $ _____ 00

9-6. 1985 payments to IRA and/or Keogh Plan (Form 1040-total of lines 26 and 27 or 1040A-line 11) $ _____ 00

9-7. 1985 itemized deductions (Form 1040 Schedule A-line 24 or write "0" if deductions were not itemized) $ _____ 00

Step 10: Your parents' earnings, benefits, and expenses

(Everyone MUST do Step 10.)

10-1. In 1985 how much did your father earn from work? $ _____ 00

10-2. In 1985 how much did your mother earn from work? $ _____ 00

10-3. 1985 untaxed income and benefits

10-3A. Social security benefits $ _____ 00

10-3B. Aid to Families with Dependent Children (AFDC or ADC) $ _____ 00

10-3C. Other untaxed income and benefits from worksheet on page 9 $ _____ .00

10-4. 1985 medical and dental expenses not paid by insurance $ _____ 00

10-5. 1985 elementary, junior high, and high school tuition paid
(Don't include tuition paid for the applicant.) $ _____ 00

Step 11. Your parents' assets

11-1. Add up all the money your parents have today in cash, savings accounts, and checking accounts. $ _____ 00

11-2. If your parents own a home: (If they rent, write in "0.")

11-2A. What is it worth today? $ _____ 00

11-2B. What is owed on it? $ _____ 00

11-3. If your parents own other real estate or have investments: (If they don't, write in "0.")

11-3A. What are they worth today? $ _____ 00

11-3B. What is owed on them? $ _____ 00

11-4. If your parents own a business or a farm: (If they don't, write in "0.")

11-4A. What is their share worth today? $ _____ 00

11-4B. What is owed on their share? $ _____ 00

Step 12: What your parents expect their income to be in 1986

12-1. Add up the taxable and untaxed income and benefits your parents expect in 1986. $ _____ .00

Step 13: Read and sign:

Certification: All of the information on this form is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form. I realize that this proof may include a copy of my 1985 U.S., State, or local income tax return. I also realize that if I do not give proof when asked, the student may not get aid.

Dept. of Ed Use Only
Do not write in this box
|_|_|_|
|_|_|_|

Student _____ Student's spouse _____

Father _____ Mother _____

Date completed |_|_| – |_|_| Year ☐ 1986 ☐ 1987
Month Day

STOP: You have finished the application. Check it over. Mail it to: Federal Student Aid Programs, P.O. Box 4120, Iowa City, IA 52244.

Application for Federal Student Aid

FORM APPROVED
OMB NO. 1840-0110
APP. EXP. 6/30/87

U.S. Department of Education
Student Financial
Assistance Programs

School Year 1986 – 87

WARNING: If you purposely give false or misleading information on this form, you may get a $10,000 fine, a prison sentence, or both.

"You" and "your" on this form always mean the student who wants aid.

FORM 2—GRAY

Step 1: You and your parents

Copy in this step your answers from the worksheet on page 3 of the instructions.

		If you are single, separated, divorced or widowed, fill in this column		If you are married, fill in this column	
		Yes	No		
1-1.	**Did** you live with your parents for more than six weeks (42 days) **in 1985?**	☐	☐		
1-2.	**Did** your parents claim you as an income tax exemption **in 1985?**	☐	☐		
1-3.	**Did** you get more than $750 worth of support from your parents **in 1985?**	☐	☐	**Yes**	**No**
1-4.	**Will** you live with your parents for more than six weeks (42 days) **in 1986?**	☐	☐	☐	☐
1-5.	**Will** your parents claim you as an income tax exemption **in 1986?**	☐	☐	☐	☐
1-6.	**Will** you get more than $750 worth of support from your parents **in 1986?**	☐	☐	☐	☐

If you answered "No" to every question in this step, you have the right form. Go on with this form. **Do not fill out the green form.**

If you answered "Yes" to **any** question in this step, you have the wrong form. **Fill out the green form instead, using the green instructions.**

1-7. Student status certification:

If you were born after May 31, 1964, have a parent certify that the answers to the questions in this step are true.

Certification: The information in this step is true to the best of my knowledge. (Proof such as tax forms may be requested.)

Parent's signature

Step 2: Yourself

2-1. Your name

Last First M.I.

2-2. Your permanent mailing address (Mail will be sent to this address. See page 29 for State abbreviation.)

Number and Street (Include Apt. No.)

City State Zip Code

2-3. Your State of legal residence

State

2-4. Your date of birth

Month Day Year

2-5. Your social security number

2-6. Are you a U.S. citizen?

- ☐ Yes, I am a U.S. citizen.
- ☐ No, but I am an eligible non-citizen. (See instructions.)
- ☐ No, neither of the above. (See instructions.)

Step 3: Your family

3-1. Are you married?

- ☐ I am not married. (I am single, divorced, or widowed.)
- ☐ I am married.
- ☐ I am separated from my spouse.

3-2. Is your spouse attending college at least half-time during 1986 – 87?

- ☐ Yes
- ☐ No
- ☐ Student unmarried

Step 4: You and your school

4-1. What year will you be in college in 1986 – 87? (Put an X in only one box.)

- ☐ 1st
- ☐ 2nd
- ☐ 3rd
- ☐ 4th
- ☐ 5th or more (undergraduate)
- ☐ First year graduate or professional (after a Bachelor's degree)
- ☐ Continuing graduate or professional

4-2. Will you have your first Bachelor's degree before July 1, 1986?

- ☐ Yes
- ☐ No

4-3. What college do you plan to go to in 1986 – 87?

Name of college

Address

City State

4-4. Do you give the U.S. Dept. of Education permission to send information from this form to:

the financial aid agency in your State?	the college you named in 4-3 (or its representative)?
☐ Yes	☐ Yes
☐ No	☐ No

NOTE: You may have to fill out an additional form to get aid from your college or State. See the instructions.

Step 5: Who will be a part of your household in 1986 – 87?

5-1. Number of family members in 1986 – 87 (Write in the total number of people that you will support in 1986 – 87. Include yourself, your spouse, and your dependent children. Include other people only if they meet the definition in the instructions.)

5-2. Number of college students in 1986 – 87 (Of the number in 5-1, write in the number of family members who will be in college at least half-time. Include yourself (the student who is applying for aid) and others who will be in college at least half-time.)

Step 6: Your 1985 income and deductions

6-1. The following 1985 U.S. income tax figures are. . .

- ☐ from a completed return (Fill out the rest of Step 6.)
- ☐ estimated (Fill out the rest of Step 6.)
- ☐ A tax return will not be filed. (Skip the rest of Step 6. Go to Step 7.)

6-2. 1985 total number of exemptions (Form 1040-line 6f, 1040A-line 5f, or 1040EZ-write in "01")

6-3. 1985 income from IRS Form 1040-line 32, 1040A-line 14, or 1040EZ-line 3, or use the worksheet on page 30 $ _____ .00

6-4. 1985 income tax paid (Form 1040-line 50, 1040A-line 23, or 1040EZ-line 9) $ _____ .00

6-5. 1985 deduction for married couple when both work (Form 1040-line 30 or 1040A-line 12) $ _____ .00

6-6. 1985 itemized deductions (Form 1040 Schedule A-line 24 or write "0" if deductions were not itemized) $ _____ .00

Step 7: Your earnings, benefits, and expenses

(Everyone MUST do Step 7.)

7-1. In 1985 how much money did you earn from work? $ _____ .00

7-2. In 1985 how much money did your spouse earn from work? $ _____ .00

7-3. 1985 untaxed income and benefits

- **7-3A.** Social security benefits $ _____ .00
- **7-3B.** Aid to Families with Dependent Children (AFDC or ADC) $ _____ .00
- **7-3C.** Other untaxed income and benefits from worksheet on page 31 $ _____ .00

7-4. 1985 medical and dental expenses not paid by insurance $ _____ .00

7-5. 1985 elementary, junior high, and high school tuition paid (Don't include tuition paid for the applicant.) $ _____ .00

Step 8: Your assets

8-1. Add up all the money you have today in cash, savings accounts, and checking accounts. $ _____.00

8-2. If you own a home: (If you rent, write in "0.")

8-2A. What is it worth today? $ _____.00

8-2B. What is owed on it? $ _____.00

8-3. If you own other real estate or have investments: (If you don't, write in "0.")

8-3A. What are they worth today? $ _____.00

8-3B. What is owed on them? $ _____.00

8-4. If you own a business or a farm: (If you don't, write in "0.")

8-4A. What is your share worth today? $ _____.00

8-4B. What is owed on your share? $ _____.00

Step 9: How much money will you have in 1986 – 87?

9-1. Your taxable income (Don't include student financial aid such as College Work-Study earnings.)

9-1A. Summer of 1986 3 months $ _____.00

9-1B. School year of 1986 – 87 9 months $ _____.00

9-2. Your spouse's taxable income (Don't include student financial aid such as College Work-Study earnings.)

9-2A. Summer of 1986 3 months $ _____.00

9-2B. School year of 1986 – 87 9 months $ _____.00

9-3. Your veterans GI Bill and Dependents Educational Assistance benefits

9-3A. Amount per month $ _____.00 a month

9-3B. Number of months ☐☐ months

9-4. Your Veterans Contributory Benefits (VEAP)

9-4A. Amount per month $ _____.00 a month

9-4B. Number of months ☐☐ months

9-5. Other untaxed income and benefits that you (and/or your spouse) will get from July 1, 1986 through June 30, 1987 (Don't include income or benefits given in 9-1, 9-2, 9-3, or 9-4.) $ _____.00

Step 10: Read and sign:

Certification: All of the information on this form is true and complete to the best of my knowledge. If asked by an authorized official, I agree to give proof of the information that I have given on this form. I realize that this proof may include a copy of my 1985 U.S., State, or local income tax return. I also realize that if I do not give proof when asked, the student may not get aid.

Dept. of Ed Use Only
Do not write in this box
☐☐☐☐
☐☐☐☐

Student

Student's spouse

Date completed ☐☐ – ☐☐ (Month – Day) Year ☐ 1986 ☐ 1987

STOP: You have finished the application. Check it over. Mail it to: Federal Student Aid Programs, P.O. Box 4121, Iowa City, IA 52244

CHAPTER 3

APPLYING UNDER SPECIAL CIRCUMSTANCES

Normally, when a student applies for Federal aid, income information from the year prior to application is used to calculate his or her eligibility. The 1986-87 Application for Federal Student Aid (AFSA) requests 1985 income information.

However, if a student's family financial strength has significantly decreased between 1985 and 1986 because of loss of a job, loss of nontaxable income or benefits, separation or divorce, or death, he or she may be able to file a Special Condition Application. This form allows the student to estimate 1986 income information, and his or her eligibility will be calculated using that estimate. The conditions for filing, however, are very specific.

Before a student completes a Special Condition Application, you should advise him or her to read carefully the instructions on that Application. Both the 1986-87 AFSA and Special Condition Application booklets contain completely separate applications (forms and instructions) for dependent and independent students. Dependent students should pay particular attention to the instructions and worksheet for Step 2 on pages 4 and 5 of the Special Condition Application, and independent students should pay particular attention to the instructions and worksheet for Step 2 on pages 28 and 29 of the Special Condition Application.

The instructions and worksheets on the above-mentioned pages list the conditions under which a dependent or independent student may file using estimated 1986 income information. Each condition contains its own separate instruction. The student should carefully read each condition and check the box next to the condition(s) that applies to him or her. Then, the student must follow the instructions for the condition(s) he or she checked, writing his or her answer(s) for the condition(s) in the appropriate blanks on the worksheet and also entering the answer(s) in the corresponding blanks in Section 2 on the Special Condition Application. The special conditions for both dependent and independent students for 1986-87 are summarized below.

Dependent Student Special Conditions

A dependent student may file a 1986-87 Special Condition Application if one of the following conditions applies to a parent or stepparent whose income is counted in determining the student's eligibility for Federal financial aid. (See pages 2-5 through 2-9, and pages 2-15 through 2-16 for a discussion of whose income must be reported.)

- o A parent or stepparent has lost his or her job for at least 10 weeks in 1986.

  Note: The worksheet instructions and the Special Condition Application ask how many weeks a parent has been unemployed in 1986. A student should not include any weeks from 1985 during which his or her parent or stepparent was out of work. If the number of weeks given is greater than the number of weeks that have elapsed in 1986, the Special Condition Application will not be processed.

For example, the student's parent has been unemployed for the last 4 weeks of 1985 and the first 10 weeks of 1986, and the student applies at the end of the 10th week of 1986. The student must list "ten" as the number of weeks the parent has been unemployed. Listing "14" will cause the application to be rejected, since the fourteenth week of 1986 will not have passed yet.

- A parent or stepparent has been unable to earn money in the usual way for at least 10 weeks in 1986 because of either a disability or a natural disaster that happened in 1985 or 1986. The student must fill in on the worksheet and on the Special Condition Application only the number of weeks in 1986 that the parent or stepparent has been unable to earn money in the usual way.

- A parent or stepparent received unemployment compensation or some other type of untaxed income or benefit in 1985 and has completely lost that income or benefit for at least 10 weeks in 1986. The untaxed income or benefit must have been paid by a public or private agency, a company, or a person because of a court order. The student should write in on the worksheet and the Special Condition Application only the number of weeks so far in 1986 that his or her parent has not received the income or benefit.

  Untaxed income and benefits include--

  --Social Security benefits (including Supplemental Security Income)
  --Court-ordered child support
  --Untaxed retirement or disability benefits
  --Welfare benefits
  --Aid to Families with Dependent Children (AFDC or ADC)

  Exception: The loss of veterans educational benefits does not permit the student to file a Special Condition Application.

Note that the three preceding conditions for loss of income or benefits apply to the dependent student's parent(s), but not to the dependent student. The Special Condition Application does not contain any conditions that would allow a dependent student to apply using his or her estimated 1986 income information. Instead, the loss of income or benefits by a dependent applicant is taken into account through edits in the regular application processing system. The application collects the student's actual income for 1985 and his or her estimated income for the 1986-87 academic year. If the 1985 income exceeds the estimated income by 40 percent or more, the estimated income will be used to calculate the student's Pell Grant eligibility. Therefore, when dependent students fill out a student aid application, they should be sure to answer carefully all the questions about their (and their spouse's) expected 1986-87 income and benefits.

The last two special conditions for dependent students deal with changes in the student's household size that may occur after the student has filed a 1986-87 student aid application.

- The student's parents divorce or separate after the student has submitted a 1986-87 student aid application. If the separation or divorce is between a parent and a stepparent, the stepparent's 1985 income must have been reported on the application for this condition to apply.

  Note: "Application" can also mean a Special Condition Application. For example, a dependent student files a 1986-87 Special Condition Application because his mother, who had earned money in 1985, has lost her job for at least 10 weeks in 1986. Subsequently, the student's parents separate, and the student resides with his mother. The student may then file a second 1986-87 Special Condition Application, revising the estimate of 1986 income made on the first one. (The original estimate included the father's income.)

- A parent or stepparent dies after the student has submitted a 1986-87 student aid application. The parent's or stepparent's 1985 income must have been reported on the application for this condition to apply. (As discussed above, "application" can also mean a Special Condition Application.)

  Note: If the parent who dies is the last surviving responsible parent, the student is considered independent. If the student wishes to fill out a Special Condition Application, he or she should answer "no" to all of the appropriate questions both on the worksheet on page 3 of the instructions, and in the section entitled "Step 1, You and your parents." This is because there would be no living parent for whom a question could be answered. For example, one of the questions is, "Did you live with your parents for more than six weeks (42 days) in 1985?" Another question asks "Will you live with your parents for more than six weeks (42 days) in 1986?" The student would answer "no" for both years even if he or she lived with, or will live with, the parents for more than six weeks during either year. If the student is married, he or she would only answer the three questions dealing with 1986.

If a change in the student's household size due to separation, divorce, or death occurred before the student submitted an original application, he or she should not file a Special Condition Application, but should follow the special filing instructions on pages 2-7 through 2-9 of this handbook.

Independent Student Special Conditions

The six special conditions listed below apply to an independent student and/or his or her spouse. The spouse is included because his or her income is normally counted in determining the student's eligibility for Federal financial aid. (Only if the student becomes divorced or separated before filing a 1986-87 student aid application, or if the spouse has died before the student has filed, is the spouse's income not counted.)

Independent students may file a 1986-87 Special Condition Application if one of the following conditions applies:

- The student was employed full-time in 1985 (at least 35 hours a week for at least 30 weeks) but is no longer employed full-time.

  This condition is intended to help the student who leaves a job to go to school. The student should write in (both on the worksheet and on the Special Condition Application) the number of weeks in 1985 that he or she worked full-time and the number of hours that he or she worked during this time.

- The student's spouse, who earned money in 1985, has lost his or her job for at least 10 weeks in 1986.

  The student may list on the worksheet and on the Special Condition Application only the number of weeks in 1986 that the spouse has been out of work. This must be at least 10 weeks.

- The student (or spouse) earned money in 1985 but has been unable to earn money in the usual way for at least 10 weeks in 1986 because of a disability or a natural disaster that happened in 1985 or 1986.

  The student should write in on the worksheet and on the Special Condition Application only the number of weeks so far in 1986 that he or she (or the spouse) has been unable to earn money in the usual way. This must be at least 10 weeks.

- The student (or spouse) received unemployment compensation or some other type of untaxed income or benefit in 1985 and has completely lost that income or benefit for at least 10 weeks in 1986. The untaxed income or benefit must have been paid by a public or private agency, a company, or a person because of a court order. The answer here should be only the number of weeks so far in 1986 that the student (or spouse) has not received the income or benefit. This must be at least 10 weeks.

  Untaxed income and benefits include--

  --Social Security benefits (including Supplemental Security Income)
  --Court-ordered child support
  --Untaxed retirement or disability benefits
  --Welfare benefits
  --Aid to Families with Dependent Children (AFDC or ADC)

  Exception: The loss of veterans educational benefits does not permit a student to file a Special Condition Application.

The last two special conditions for independent students deal with a change in the student's household size. For a student to be eligible to file under these conditions, the change in the household size must have occurred after the student has filed an original 1986-87 student aid application.

If the change in the student's household size has occurred before the student files an original application, the student must obtain a regular student aid application (AFSA, etc.) and follow the special filing instructions in that application booklet.

- The student has become divorced or separated after he or she has submitted a 1986-87 student aid application.

  Note: "Application" can also mean a Special Condition Application. For example, an independent student files a 1986-87 Special Condition Application because she has lost her job for the first 10 weeks of 1986. Subsequently, the student and her spouse separate. The student may then file a second 1986-87 Special Condition Application, revising the estimate of 1986 income made on the first one. (The original estimate included the spouse's income.)

- The student's spouse or last surviving responsible parent has died after the student has submitted a 1986-87 student aid application.

  Note: Under this condition, "last surviving responsible parent" means the last surviving parent with whom the student has or will have a dependency relationship according to the definition of "dependent student" in the glossary of this handbook.

  For example, a dependent student with both parents living files a regular application, after which his mother dies. The student then files a Special Condition Application to reflect the death of his mother. The student would still file as dependent because his father is still living. However, if the student's father then dies, and the student does not have an adoptive parent or legal guardian with whom he has a dependency relationship, that student would no longer be considered as dependent. The student would then have to file a new Special Condition Application under the above "independent student" special condition--death of the last surviving responsible parent.

  It should be noted in the instructions on page 3 of the Special Condition Application that a student whose parents are both dead, and who does not have an adoptive parent or legal guardian is told to answer "no" to all of the dependency questions and to apply as an independent student. This instruction applies to a student who does not have a previous student aid application on file for 1986-87.

National Disaster Area Asset Adjustment Sheet

A student cannot file a Special Condition Application to reflect a loss of, or damage to, assets. However, if after filing the original application, a dependent student's family or an independent student has experienced a loss of, or damage to, assets as a result of a natural disaster, the applicant may be able to revise the amounts of the affected assets on Part 2 of his or her Student Aid Report (SAR) and submit the SAR for reprocessing.

For the applicant to be able to revise his or her assets, the natural disaster must be so extensive that the applicant's locality is declared a national disaster area by the President. To revise the asset amount(s), the applicant should obtain a National Disaster Area Asset Adjustment Sheet by writing to the address listed below:

Division of Training and Dissemination
Office of Student Financial Assistance
U.S. Department of Education
400 Maryland Avenue, S.W.
ROB-3, Room 4661
Washington, D.C. 20202

When the applicant receives a copy of the Adjustment sheet, he or she should complete and return it, along with Part 2 of his or her revised SAR, to the address indicated on the sheet.

(Note: This procedure assumes the loss of assets does not coincide with any of the special conditions, such as loss of a job for at least 10 weeks. If this overlap does occur, the applicant may file a Special Condition Application instead.)

Correction Application

If a student who has already filed needs to change his or her filing status from dependent to independent or vice versa because that filing status is incorrect, that student will need to fill out a "Correction" Application (see page 2-6 for more information on the Correction Application.)

GLOSSARY

Assets: Savings and checking accounts, home or business value, stocks, bonds, real estate, trust funds, etc. Cars are not considered assets, nor are possessions such as stamp collections or musical instruments.

Campus-Based Programs: Supplemental Educational Opportunity Grants (SEOG's), College Work-Study (CWS), and National Direct Student Loans (NDSL's). These Federal programs are called "campus-based" because they are administered by the financial aid administrator at the school. The student aid package may contain aid from one or more of these programs.

Cost of Education (or Cost of Attendance): The total amount it will cost a student to go to school. It is usually expressed as a yearly figure. For Pell Grants, the cost of education is limited to tuition and fees; on-campus room and board (or a standard housing and food allowance for off-campus students); and allowances for books, supplies, and miscellaneous expenses. The campus-based and GSL programs are more flexible and may include other expenses such as travel, child care, and costs related to a handicap. The student should talk to the financial aid administrator at the school he or she plans to attend if the student has any unusual expenses that may affect the cost of education or the student's ability to pay that cost.

Default: Failure to repay a student loan according to the terms agreed to when the student signs the promissory note. If a student defaults on a student loan, his or her school, lender, State, and the Federal Government can all take action to recover the money. Default may affect the student's future credit rating, and the student may not be able to receive additional Federal aid if he or she decides to return to school.

Dependent Student: One who, if single, separated, divorced or widowed, must answer "yes" on the aid application to any one of the following six questions:

- Did you live with your parents for more than six weeks (42 days) in 1985?
- Did your parents claim you as an income tax exemption in 1985?
- Did you get more than $750 worth of support from your parents in 1985?
- Will you live with your parents for more than six weeks (42 days) in 1986?
- Will your parents claim you as an income tax exemption in 1986?
- Will you get more than $750 worth of support from your parents in 1986?

Married students are not asked to answer any of the questions pertaining to 1985. To be considered dependent, they must answer "yes" to the questions which pertain to 1986.

Expected Family Contribution (EFC)/Family Contribution (FC): This figure is determined by a formula and indicates how much of the student's and his or her

family's financial resources should be available to help pay for school. This figure is important because the financial aid administrator will subtract it from the student's Cost of Education to find out how much the student can't pay for. If the student has any unusual expenses that may affect the expected family contribution, the student should notify the financial aid administrator.

Financial Aid Package: The total amount of financial aid a student receives. Federal and non-Federal aid such as loans, grants, or work-study are combined in a "package" to help meet the student's need. Using available resources to give each student the best possible package of aid is one of the major responsibilities of a school's financial aid administrator.

Financial Aid Transcript: A record of the Department of Education student aid the student has received. If the student is receiving Federal student aid and transfers, he or she must request that the first school send the financial aid transcript to the school he or she will be attending. If the school the student transfers to does not receive a financial aid transcript from the student's old school, he or she may not be able to receive assistance from Department of Education programs.

Guarantee Agency: The organization that administers the GSL and PLUS programs in the student's State. The Federal Government sets loan limits and interest rates, but each State is free to set its own additional limitations, within Federal guidelines. This agency is the best source of information on GSL's and PLUS loans in the student's State.

Half-Time: At schools measuring progress by credit hours and academic terms (semesters, trimesters, or quarters), "half-time" means at least six semester hours or quarter hours per term. At schools measuring progress by credit hours but not using academic terms, "half-time" means at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half-time" means at least 12 hours per week. Note that schools may choose to set higher minimums than these.

Independent Student: One who, if single, separated, divorced or widowed, must answer "no" on the aid application to all the following questions:

- Did you live with your parents for more than six weeks (42 days) in 1985?
- Did your parents claim you as an income tax exemption in 1985?
- Did you get more than $750 worth of support from your parents in 1985?
- Will you live with your parents for more than six weeks (42 days) in 1986?
- Will your parents claim you as an income tax exemption in 1986?
- Will you get more than $750 worth of support from your parents in 1986?

Married students are not asked to answer any of the questions pertaining to 1985. To be considered independent, they must answer "no" to the questions which pertain to 1986.

Need: The difference between the student's cost of education (educational expenses such as tuition, fees, room, board, books, supplies, and other expenses) and the amount the student and his or her family can afford to pay, as determined by a standard formula. Need is determined by evaluating the information the student fills in on an aid application. Factors such as income, assets, and benefits are all considered in determining the student's need for aid.

Origination Fee: This fee, which the lender deducts from the principal amount of a Guaranteed Student Loan, is passed on to the Federal Government to help reduce the Government's cost of subsidizing these low-interest loans. The origination fee is five percent of the loan.

Promissory Note: The legal document the student signs when he or she gets a student loan. It lists the conditions under which the student is borrowing and the terms under which the student agrees to pay back the loan.

Satisfactory Academic Progress: Each school that takes part in Federal student aid programs must establish a written standard of satisfactory academic progress. To receive Federal aid, the student must meet that standard. The written standard should include the following elements: grades, work projects completed, or comparable factors which are measured against a norm. It should also include a maximum time frame within which a student must complete his or her educational objective. The time frame should be determined by the institution, based on the student's enrollment status, and should be divided into increments not to exceed one academic year.

Statement of Educational Purpose: The student must sign this statement in order to receive Federal student aid. By signing, the student agrees to use his or her student aid for education-related expenses only. The 1986-87 Student Aid Report (SAR) contains such a statement. The student must either sign the statement contained on the SAR, or must sign a similar statement prepared by the student's school.

Statement of Registration Status: If the student is required to register with the Selective Service, that student must sign a statement indicating that he has done so before he can receive any Federal student aid.* Part 1 of the 1986-87 Student Aid Report contains such a statement. The student must sign either that statement or a similar statement prepared by his school. (Some schools require all students to sign a statement, indicating either that the student has registered or is not required to do so.)

Student Aid Index (SAI): The number that indicates Pell Grant eligibility. For 1985-86, if the number was 1900 or lower, the student was eligible. For 1986-87 the cut-off had not been determined at the time this handbook was printed.

Student Aid Report (SAR): This Report contains information from the student's application and gives the student information about his or her Pell Grant eligibility status. The SAR also contains the Student Aid Index number.

*This requirement applies to males who were born on or after January 1, 1960, are at least 18, are citizens or eligible non-citizens (see Appendix B of this handbook), and are not currently on active duty in the Armed Forces. Permanent residents of the Trust Territory of the Pacific Islands or the Northern Mariana Islands are exempt.

APPENDIX A

Deadlines, Addresses, Telephone Numbers, and Useful Publications

Deadlines

There are two important deadlines that the student should keep in mind when applying for Federal student aid. They are:

May 1, 1987

Applications and Special Condition Applications must be received at the appropriate address by this date. The application the student fills out will contain the appropriate address.

June 30, 1987, or the last day of enrollment for 1986-87, whichever comes first

Deadline for submitting the Student Aid Report (SAR) to the financial aid administrator at the student's school.

The student should be encouraged to submit his or her application well ahead of time so that he or she has plenty of time to complete the application process and to submit his or her SAR to the financial aid administrator at the school the student plans to attend. The sooner the student does this, the sooner the aid administrator can assemble a comprehensive financial aid package for the student.

Completing the application process means receiving from the processor a SAR that reflects correct information and needs no further changes or verification. Chapter 4 provides a detailed explanation of the SAR.

Addresses

To obtain an AFSA or a Special Condition Application, a student should contact the financial aid administrator at the school he or she plans to attend. You may obtain AFSA's or Special Condition Applications in quantity for your students by writing to the addresses listed below:

For AFSA's	For Special Condition Applications
Federal Student Aid Programs DEB-87 Pueblo, Colorado 81009	Federal Student Aid Programs DEC-87 Pueblo, Colorado 81009

In previous years, the AFSA and Special Condition Application were printed as one form with separate areas for dependent and independent applicants. As explained at the beginning of Chapter 3, the 1986-87 AFSA and Special Condition Application booklets will contain completely separate applications for dependent and independent students. The Federal application booklet will be color-coded. Dependent applicants must complete the Green Form in the booklet, and independent applicants must complete the Gray Form.

The following addresses are important for students who are filing an AFSA or Special Condition Application. Students who have completed a different application should check that application's instructions for the appropriate addresses.

For dependent students (Green Form), completed AFSA's should be sent to--

Federal Student Aid Programs
P.O. Box 4120
Iowa City, Iowa 52244

For dependent students (Green Form), completed Special Condition Applications should be sent to--

Federal Student Aid Programs
P.O. Box 4122
Iowa City, Iowa 52244

For independent students (Gray Form), completed AFSA's should be sent to:

Federal Student Aid Programs
P.O. Box 4121
Iowa City, Iowa 52244

For independent students (Gray Form), completed Special Condition Applications should be sent to:

Federal Student Aid Programs
P.O. Box 4123
Iowa City, Iowa 52244

Corrected SAR's should be submitted to--

Federal Student Aid Programs
P.O. Box 4126
Iowa City, Iowa 52244

Requests for application status checks should be sent to--

Federal Student Aid Programs
P.O. Box 4128
Iowa City, Iowa 52244

(Remember, it takes four to six weeks for an application to be processed.)

Address changes and requests for duplicate SAR's should be sent to--

Federal Student Aid Programs
P.O. Box 4127
Iowa City, Iowa 52244

Whether students are checking on their application, requesting a copy of the SAR, or correcting their address, they should be sure to include in the letter their full name, permanent address, Social Security number, date of birth, and signature.

Telephone Numbers

For information on any of the Federal student financial aid programs discussed in this handbook, you or your students may call--

Federal Student Aid Information Center--(301) 984-4070

9:00 a.m.--5:30 p.m., Eastern Standard Time, Monday through Friday

Please note that the Information Center cannot accept collect calls.

The Information Center provides the following services:

- o Help in completing an application
- o Help in understanding and correcting a SAR
- o Checking the status of an application
- o Checking on a school's eligibility to participate in the Federal student aid programs
- o Explaining eligibility requirements
- o Explaining the process for determining awards
- o Solving payment problems
- o Explaining the verification process
- o Explaining general program requirements
- o Mailing publications

The Center is not authorized to--

- o Make policy
- o Expedite the Pell Grant application process
- o Discuss an applicant's Pell Grant file with unauthorized persons
- o Change an applicant's file without written authorization
- o Influence an individual school's policies

For information on Pell Grant application or SAR correction processing, you or your students may call either the Information Center or--

Application Processing Center--(319) 337-3738

9:00 a.m.--7:00 p.m., Eastern Standard Time, Monday through Friday

Please note that the center cannot accept collect calls.

Note that the student's initial sources of information on Federal student aid should be the "Student Guide" (see "Useful Publications" below), the instructions in the application booklet, the postsecondary school financial aid administrator, and you, the counselor.

Useful Publications

The Student Guide: Five Federal Financial Aid Programs, 1986-87: A free booklet giving application information and describing the U.S. Department of Education's five major financial aid programs. Individual copies are available from--

Federal Student Aid Programs
Department DEA-87
Pueblo, Colorado 81009

The Pell Grant Formula 1986-87: A step-by-step explanation of the Pell Grant eligibility formula. Available from--

Federal Student Aid Programs
Department DED-87
Pueblo, Colorado 81009

Higher Education Opportunities for Minorities and Women--Annotated Selections This publication is available for $3.00 from--

Consumer Information Center
Department 207N
Pueblo, Colorado 81009

Need a Lift?: The 35th edition (1986 issue) contains a survey of educational opportunities, careers, loans, and scholarships. Available for $1.00 from--

The American Legion
National Emblem Sales
P.O. Box 1050
Indianapolis, Indiana 46206

Meeting College Costs 1985: An 8-page booklet (order number 236257) available in bulk orders of 50 for $6.00 from--

College Board Publications Orders
Box 886
New York, New York 10101

(Note: Individual students may request a single copy at no cost by writing to the above address.)

Paying for Your Education: A Guide for Adult Learners: A 160-page book (order number 001524) Available for $7.95 from--

College Board Publications Orders
Box 886
New York, New York 10101

College Costs: Lists of costs at more than 2,000 public and private two- and four-year colleges and universities in the United States. This low-cost publication is available from--

Consumer Information Center
Department 120N
Pueblo, Colorado 81009

Applying for Financial Aid: This free booklet is available from--

ACT Student Assistance Services
Educational Services Division
P.O. Box 168
Iowa City, Iowa 52243

APPENDIX B

Citizenship

I. Citizenship and Eligibility for Title IV Aid

To receive aid under the Title IV programs (Pell Grant, National Direct Student Loan, College Work-Study, Supplemental Educational Opportunity Grant, Guaranteed Student Loan, PLUS, and State Student Incentive Grant (SSIG) programs), a student must be a United States citizen or an eligible noncitizen. Eligible noncitizens include (1) noncitizen Nationals (natives of American Samoa or Swain's Island), (2) permanent residents of the Trust Territory of the Pacific Islands or the Northern Mariana Islands, and (3) other noncitizens who provide evidence from the U.S. Immigration and Naturalization Service (INS) that they are permanent residents of the U.S. or are in the U.S. for other than a temporary purpose with the intention of becoming citizens or permanent residents. Only U.S. citizens, noncitizen Nationals, and permanent residents of the Trust Territory of the Pacific Islands or the Northern Mariana Islands may receive Guaranteed Student Loans or PLUS loans to attend eligible foreign institutions.

If a student's citizenship status changes from "ineligible" to "eligible" during the award year, the student may receive Title IV aid for the entire award year as long as the student meets all the other program requirements for each program under which he or she is receiving assistance.

II. United States Citizen

If a student states on his or her application that he or she is a U.S. citizen, that student is not required to provide documentation of citizenship to his financial aid administrator unless other documentation in the student's file indicates that he or she is not a citizen. If a student changes his or her filing status from "eligible noncitizen" to "U.S. citizen," the financial aid administrator at the school the student is planning to attend must resolve this discrepancy by requiring the applicant to document that he or she is a U.S. citizen.

To document U.S. citizenship, a student born in the United States may provide documentation such as:

- A copy of a birth certificate;
- A copy of a baptismal certificate;
- A voter registration card; or
- A statement signed by a person other than a family member, such as a priest, clergyman, or doctor.

To establish citizenship status, a student not born in the United States shall have a Certificate of Citizenship, a Certificate of Naturalization, or a completed Form G-641, "Application for Verification of Information

from Immigration and Naturalization Service Records," from INS. INS has informed us that it is illegal for anyone to photocopy a Certificate of Citizenship or Naturalization (Section 1426(h) of Title 18 U.S. Code). Therefore, a student must present to his or her financial aid administrator an original only. If he or she submits a copy the aid administrator should advise him or her of the illegality of the action and request the original. Because the aid administrator cannot copy the certificate and because the certificate should be returned to the student, the aid administrator must keep a statement in the student's file confirming that the student presented proof of his or her status. Both the aid administrator and the student must sign the statement.

If the student presents a Certificate of Citizenship, the statement must include at least the following information:

- o The application number.
- o The certificate number (in the upper right hand corner).
- o The student's name.
- o The date of issuance of the certificate.

If the student presents a Certificate of Naturalization, the statement must include at least the following information:

- o The certificate number (in the upper right hand corner).
- o The petition number.
- o The INS Alien Registration Number.
- o The student's name.
- o The name of the court where the naturalization occurred.
- o The date of naturalization.

If the student presents Form G-641, "Application for Verification of Information from Immigration and Naturalization Service Records," the form must be completed as described in Part VI of this appendix.

A student receiving a Student Aid Report (SAR) who changes his or her filing status from "eligible noncitizen" to "U.S. citizen" on his or her SAR or who did not check a filing status, will receive a comment in his or her Information Summary letter in Part I of the SAR asking him or her to provide proof of his or her citizenship status. The financial aid administrator must require these students to document their citizenship status.

III. Eligible Noncitizen

For Title IV purposes, an eligible noncitizen is one of the following:

- o A noncitizen National (a native of American Samoa or Swain's Island).
- o A permanent resident of the Government of the Northern Mariana Islands.
- o A permanent resident of the Trust Territory of the Pacific Islands (which includes the Marshall Islands and the Caroline Islands).

- o United States permanent resident holding an Alien Registration Receipt card (Form I-551 or Form I-151), a passport, or a Departure Record (I-94) with appropriate endorsements.*
- o An applicant for permanent residence who has an I-94 or other document with appropriate endorsement.*
- o An applicant who has a Departure Record (I-94) with the appropriate endorsements.*

  * NOTE: The appropriate endorsements are described in Part V.

IV. Noncitizen National (a native of American Samoa or Swain's Island) and Permanent Resident of the Northern Mariana Islands or of the Trust Territory of the Pacific Islands

The Department of Education does not require these students to provide evidence of their citizenship status. However, eligible noncitizens from the Northern Mariana Islands and the Trust Territory must provide evidence of their citizenship status if their permanent address is no longer in these locations (see the requirements for other eligible noncitizens described in Part V).

In some cases an eligible noncitizen from these locations may receive a SAR with a comment in the Information Summary that the student must provide evidence of his or her citizenship status. The financial aid administrator must require these students to provide evidence of their citizenship status unless he or she determines that they are noncitizen Nationals. If a permanent resident of the Northern Mariana Islands or the Trust Territory of the Pacific Islands provides an address on his or her application other than his or her permanent mailing address, the aid administrator does not need to collect evidence of citizenship status, but he or she must note the correct permanent mailing address in the student's file.

The following evidence documents that these students are eligible noncitizens:

- o U.S. noncitizen Nationals - U.S. passport stamped "noncitizen National."
- o Permanent resident of the Trust Territory of the Pacific Islands - Legal document (such as a passport or birth certificate) identifying them as legal residents of the Trust Territory of the Pacific Islands.
- o Permanent resident of the Northern Mariana Islands - Legal document (such as a passport or birth certificate) identifying them as legal residents of the Northern Mariana Islands.

V. Other Eligible Noncitizen

An eligible noncitizen who is not a U.S. national or a permanent resident of the Trust Territory of the Pacific Islands or of the Northern Mariana Islands must provide evidence from INS that he or she is a permanent resident of the United States or is in the United States for other than a

temporary purpose with the intention of becoming a citizen or permanent resident. However, under the SSIG Program a permanent resident of the United States need not provide evidence.

To document his or her status, the applicant must provide the financial aid administrator with the INS documentation described below. The INS documents will be stamped in a rust colored ink. They will normally contain a validation which indicates the office of issuance and a code to indicate the officer who prepared the document. Examples of codes are "WAS-82" (Washington District Office, Officer Number 82) and "1/13/84 SPO.KD" Spokane Office, officer's initials KD).

A. Documentation to Establish Lawful Permanent Resident Status in the United States:

1. Alien Registration Receipt Card (Form I-551 or Form I-151 -- Both forms are usually referred to as "green cards" although they may not be green).

2. Temporary evidence of lawful permanent resident status, in one of the following forms:

a. A passport stamped "Processed for I-551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid Until _____. Employment Authorized."

b. A departure record (Form I-94) with the stamp described above or the following stamp: "Temporary Form I-551. Admission for permanent residence at _____ (port) on _____ (date) verified.
_____ (office of issuance) _____ (date)
_____ (signature of issuing officer) _____ (title)."

This Form I-94 will also contain the individual's photo and an INS seal over the photo and the stamp.

The student who has an approved application for permanent residence on file with the INS and who is awaiting the receipt of the Alien Registration Receipt Card, may not have proof of his or her citizenship status. The student should contact his or her INS office for the above described passport stamp or I-94.

3. A completed Application for Verification of Information from Immigration and Naturalization Service Records (Form G-641) as described below in Part VI.

B. Documentation to Establish Lawful Presence in the United States for a Purpose Other Than Temporary:

1. An individual in one of the following categories with an I-94 stamped as described:

a. Refugee

One of the following stamps indicating the student has been admitted to the United States as a refugee:

- o "Admitted as a Refugee Pursuant to Section 207 of the Act. If you depart the United States you will need prior permission to return. Employment Authorized."
- o "Status changed to refugee pursuant to Section 207 (c)(2) of the Immigration and Nationality Act, on _____. Employment Authorized."

b. Person Granted Asylum

A stamp indicating that the student has been granted asylum in the United States. This stamp will state, "Asylum status granted pursuant to section 208, INA. Valid to _____. Employment Authorized."

Persons who have been granted asylum in the U.S. are given permission to stay for one year. At the end of the year, such a person is eligible to apply for permanent residence.

NOTE: A student in either of the above two categories who is applying for permanent residence may be required to return his or her original I-94 to INS. While the application is being processed, INS will give the student a copy of the original I-94 which will include the endorsement "209(a) pending. Employment Authorized." or "209(b) pending. Employment Authorized." Thus, the student is still eligible for title IV aid.

c. Conditional Entrant

A stamp indicating that the student has been admitted to the United States as a conditional entrant. Although this status remains valid, the INS stopped admitting individuals into the U.S. in this status on April 1, 1980. Therefore, no I-94 showing admission in this status after March 31, 1980 should be accepted without first contacting INS.

d. Person Paroled

A stamp indicating that the student has been paroled into the United States for an indefinite period for humanitarian reasons. The words "indefinite" and/or "humanitarian" will be hand-written into the stamp.

e. Cuban - Haitian Entrant

A stamp across the face of the I-94 indicating that the student has been classified "Cuban-Haitian Entrant, Status Pending." This person may also hold an I-94 with the

following stamp: "Cuban/Haitian Entrant (Status Pending). Reviewable January 15, 1981. Employment authorized until January 15, 1981."

Except for the departure record for students who have been granted asylum as mentioned above, all other departure records described above are valid indefinitely. Note that the Cuban-Haitian Entrant document is valid no matter what expiration date appears on it.

An individual with an F-1 or F-2 Student Visa, or J-1 or J-2 Exchange Visitors Visa, or G series Visa (pertaining to international organizations is not eligible to apply for Title IV aid, unless his or her I-94 has one of the endorsements listed above. Also, someone who has only a Notice of Approval to Apply for Permanent Residence (I-171 or I-464A) cannot receive Title IV aid.

2. A completed "Application for Verification of Information from Immigration and Naturalization Service Records" (Form G-641) as described below in Part VI.

VI. Other Documentation to Establish Citizenship Status - Form G-641

If the student presents the Form G-641, "Application for Verification of Information from Immigration and Naturalization Service Records," that form is acceptable to verify citizenship status if the following conditions are met:

- Both the student's section and the INS section must be completed.
- If one of the following has been completed by INS, no further documentation is needed:
  - "Lawful admission for permanent residence on _____ at _____ class _____."
  - "Naturalization information as shown above is correct."
  - The following three lines:
    - "Naturalization in (court) _____ on (date) _____"
    - "At (location) _____."
    - "Date of birth _____."

If the line "Arrival record dated _____ showed subject's age at time to be _____" is completed, the G-641 is not acceptable unless one of the acceptable stamps outlined in Part V is also on the G-641. These stamps are not automatically placed on the G-641. The student must request, in writing, that INS include on the G-641 the appropriate stamp as it appeared on his or her original INS document.

In the case of Cuban-Haitian entrants, INS generally is issuing only the endorsement "Cuban - Haitian Entrant" which is acceptable on the G-641 for such individuals. INS is no longer issuing the longer endorsements described above in Part V.

SUMMARY OF DOCUMENTATION OF CITIZENSHIP STATUS

CITIZENSHIP STATUS	ACCEPTABLE DOCUMENTATION	DESCRIPTION IN FOLLOWING PART
o Citizen born in the U.S.	- Birth certificate - Baptismal certificate - Voter registration card - Statement signed by a person other than a family member, e.g., priest, clergyman, doctor	Part II
o Citizen not born in the U.S.	- Certificate of Citizenship - Certificate of Naturalization - Form G-641	Part II, Part VI
o Noncitizen National	- U.S. Passport stamped "non-citizen national"	Part IV
o Permanent Resident of the Trust Territory of the Pacific Islands	- Passport from the Trust Territory	Part IV
o Permanent resident of the Northern Mariana Islands	- Passport from the Northern Mariana Islands	Part IV
o U.S. permanent resident	- Alien Registration Receipt Card (Form I-551 or I-151) - Stamped passport* - Departure record (I-94)* - Form G-641*	Part V Part V Part V Part VI
o Person in the U.S. for other than a temporary purpose with the intention of becoming a citizen or permanent resident	- Departure record (I-94)* - Form G-641*	Part V Part VI

*With appropriate stamp

APPENDIX C

Sources of Information on Guaranteed Student Loans/PLUS Loans and State Student Aid

ALABAMA
Alabama Commission on
Higher Education
1 Court Square, Suite 221
Montgomery, Alabama 36197
GSL and State Aid: (205) 269-2700

ALASKA
Alaska Commission on
Postsecondary Education
400 Willoughby Avenue
Pouch FP
Juneau, Alaska 99811
GSL and State Aid: (907) 465-2962

ARIZONA
GSL: Arizona Educational
Loan Program
2600 North Central Avenue
Suite 621
Phoenix, Arizona 85004
(800) 352-3033 (AZ students only)
(602) 252-5793

State Aid: Commission for
Postsecondary Education
1645 West Jefferson
Suite 127
Phoenix, Arizona 85007
(602) 255-3109

ARKANSAS
GSL: Student Loan Guarantee
Foundation of Arkansas
219 So. Victory
Little Rock, Arkansas 72201
(501) 371-2634

State Aid: Department of
Higher Education
1301 West 7th Street
Little Rock, Arkansas 72201
(501) 371-1441, Ext. 56

CALIFORNIA
California Student Aid Commission
1410 Fifth Street
Sacramento, California 95814
GSL: (916) 323-0435
State Aid: (916) 445-0880

COLORADO
GSL: Colorado
Guaranteed Student Loan Program
11990 Grant, Suite 500
North Glenn, Colorado 80233
(303) 450-9333

State Aid: Colorado Commission
on Higher Education
Colorado Heritage Center
1300 Broadway, 2nd Floor
Denver, Colorado 80203
(303) 866-2723

CONNECTICUT
GSL: Connecticut Student
Loan Foundation
25 Pratt Street
Hartford, Connecticut 06103
(203) 547-1510

State Aid: Connecticut Department
of Higher Education
61 Woodland Street
Hartford, Connecticut 06105
(203) 566-2618

DELAWARE
GSL: Delaware Higher Education
Loan Program
c/o Brandywine College
P.O. Box 7139
Wilmington, Delaware 19803
(302) 478-3000

State Aid: Delaware Postsecondary
Education Commission
Carvel State Office Building
820 North French Street, 4th Floor
Wilmington, Delaware 19801
(302) 571-3240

DISTRICT OF COLUMBIA
GSL: Higher Education Loan
Program of Washington, D.C.
1030 15th Street NW.
Suite 10
Washington, D.C. 20005
(202) 289-4500

State Aid: Office of Postsecondary Education Research and Assistance
D.C. Department of Human Services
1331 H Street NW., Suite 600
Washington, D.C. 20005
(202) 727-3688

FLORIDA
Office of Student Financial Assistance
Knott Building
Tallahassee, Florida 32301
GSL: (904) 488-8093
State Aid: (904) 488-6181

GEORGIA
Georgia Student Finance Commission
2082 East Exchange Place
Suite 200
Tucker, Georgia 30084
GSL: (404) 493-5468
State Aid: (404) 493-5444

HAWAII
GSL: Hawaii Education Loan Program
1314 South King Street, Suite 962
Honolulu, Hawaii 96814
(808) 536-3731

State Aid: State Postsecondary Education Commission
209 Bachman Hall
University of Hawaii
2444 Dole Street
Honolulu, Hawaii 96822
(808) 948-8213

IDAHO
GSL: Student Loan Fund of Idaho, Inc.
Processing Center
P.O. Box 730
Fruitland, Idaho 83619
(208) 452-4058

State Aid: Office of State Board of Education
650 West State Street, Room 307
Boise, Idaho 83720
(208) 334-2270

ILLINOIS
Illinois State Scholarship Commission
106 Wilmot Road
Deerfield, Illinois 60015
GSL: (312) 945-7040
State Aid: (312) 948-8550

INDIANA
State Student Assistance Commission of Indiana
964 North Pennsylvania Avenue
Indianapolis, Indiana 46204
GSL: (317) 232-2366
State Aid: (317) 232-2351

IOWA
Iowa College Aid Commission
201 Jewett Building
9th and Grand Avenue
Des Moines, Iowa 50309
GSL: (515) 281-4890
State Aid: (515) 281-3501

KANSAS
GSL: Higher Education Assistance Foundation
6800 College Boulevard
Suite 600
Overland Park, Kansas 66211
(913) 345-1300

State Aid: Kansas Board of Regents
Suite 609, Capitol Tower
400 West 8th Street
Topeka, Kansas 66603
(913) 296-3517

KENTUCKY
Kentucky Higher Education Assistance Authority
1050 U.S. 127 South
West Frankfort Office Complex
Frankfort, Kentucky 40601
GSL and State Aid:
(502) 564-7990

LOUISIANA
Governor's Special
Commission on Education and
Services
P.O. Box 44127, Capitol Station
Baton Rouge, Louisiana 70804
GSL and State Aid:
(504) 925-3630

MAINE
Maine Department of Educational
and Cultural Services
Division of Higher Education Services
State House Station 119
Augusta, Maine 04333
GSL and State Aid:
(207) 289-2183

MARYLAND
GSL: Maryland Higher Education Loan
Corporation
2100 Guilford Avenue
3rd Floor
Baltimore, Maryland 21218
(301) 659-6555

State Aid: Maryland State Scholarship
Board
2100 Guilford Avenue
2nd Floor
Baltimore, Maryland 21218
(301) 659-6420

MASSACHUSETTS
GSL: Massachusetts Higher Education
Assistance Corporation
330 Stuart Street
Boston, Massachusetts 02116
(617) 426-9796

State Aid: Massachusetts Board of
Regents of Higher Education
Scholarship Office
330 Stuart Street
Boston, Massachusetts 02116
(617) 727-9420

MICHIGAN
GSL: Michigan Department of Education
Guaranteed Student Loan Program
Box 30047
Lansing, Michigan 48909
(517) 373-0760

State Aid: Michigan Department
of Education
P.O. Box 30008
Lansing, Michigan 48909
(517) 373-3394

MINNESOTA
GSL: Higher Education Assistance
Foundation
85 East 7th Street
Suite 500
St. Paul, Minnesota 55101
(612) 227-7661

State Aid: Minnesota Higher
Education Coordinating Board
Capitol Square, Suite 400
550 Cedar Street
St. Paul, Minnesota 55101
(612) 296-3974

MISSISSIPPI
GSL: Mississippi Guarantee Student
Loan Agency
3825 Ridgewood Road
P.O. Box 342
Jackson, Mississippi 39205-0342
(601) 982-6663

State Aid: Mississippi
Postsecondary Education
Financial Assistance Board
P.O. Box 2336
Jackson, Mississippi 39205-2336
(601) 982-6168

MISSOURI
Coordinating Board for
Higher Education
P.O. Box 1438
Jefferson City, Missouri 65102
GSL and State Aid:
(314) 751-3940

MONTANA
Montana University System
33 South Last Chance Gulch
Helena, Montana 59620
GSL: (406) 444-6594
State Aid: (406) 444-6570

NEBRASKA
GSL: Higher Education Assistance Foundation
Cornhusker Bank Building
11th and Cornhusker Highway
Suite 304
Lincoln, Nebraska 68521
(402) 476-9129

State Aid: Nebraska Coordinating Commission for Postsecondary Education
P.O. Box 95005
Lincoln, Nebraska 68509
(402) 471-2847

NEVADA
GSL: Nevada State Department of Education
400 West King Street
Carson City, Nevada 89710
(702) 885-5914

State Aid: Financial Aid Office
University of Nevada, Reno
Room 200 TSSC
Reno, Nevada 89557
(702) 784-4666

NEW HAMPSHIRE
GSL: New Hampshire Higher Education Assistance Foundation
P.O. Box 877
Concord, New Hampshire 03301
(603) 225-6612

State Aid: New Hampshire Postsecondary Education Commission
2-1/2 Beacon Street
Concord, New Hampshire 03301
(603) 271-2555

NEW JERSEY
GSL: New Jersey Higher Education Assistance Authority
C.N. 543
Trenton, New Jersey 08625
(609) 292-3906

State Aid: Department of Higher Education
Office of Student Assistance
Number 4 Quakerbridge Plaza
C.N. 540
Trenton, New Jersey 08625
1-(800) 962-INFO (within NJ)
(609) 588-3230

NEW MEXICO
GSL: New Mexico Educational Assistance Foundation
P.O. Box 27020
Albuquerque, New Mexico 87125-7020
(505) 345-3371

State Aid: Board of Educational Finance
1068 Cerrillos Road
Santa Fe, New Mexico 87501-4295
(505) 827-8300

NEW YORK
New York State Higher Education Services Corporation
99 Washington Avenue
Albany, New York 12255
GSL: (518) 473-1574
State Aid: (518) 474-5642

NORTH CAROLINA
North Carolina State Education Assistance Authority
P.O. Box 2688
Chapel Hill, North Carolina 27515
GSL and State Aid:
(919) 549-8614

NORTH DAKOTA
GSL: Bank of North Dakota
Student Loan Department
700 Main Street East
Box No. 5509
Bismarck, North Dakota 58502-5509
(701) 224-5656

State Aid: North Dakota Student Financial Assistance Program
10th Floor, State Capitol
Bismarck, North Dakota 58505-0154
(701) 224-4114

OHIO
GSL: Ohio Student Loan Commission
P.O. Box 16610
Columbus, Ohio 43266-0610
(614) 466-3091

State Aid: Ohio Board of Regents
Student Assistance Office
3600 State Office Tower
30 East Broad Street
Columbus, Ohio 43215
(614) 466-7420

OKLAHOMA
Oklahoma State Regents for Higher Education
500 Education Building
State Capitol Complex
Oklahoma City, Oklahoma 73105
GSL and State Aid:
(405) 521-8262

OREGON
Oregon State
Scholarship Commission
1445 Willamette Street, No. 9
Eugene, Oregon 97401
1-(800) 452-8807 (within OR)
GSL: (503) 686-3200
State Aid: (503) 686-4166

PENNSYLVANIA
Pennsylvania Higher Education Assistance Agency
660 Boas Street
Harrisburg, Pennsylvania 17102
GSL: 1-(800) 692-7392 (within PA), (717) 257-2860
State Aid: 1-(800) 692-7435 (within PA), (717) 257-2500

RHODE ISLAND
Rhode Island Higher Education Assistance Authority
274 Weybosset Street
Providence, Rhode Island 02903
GSL and State Aid:
(401) 277-2050

SOUTH CAROLINA
GSL: South Carolina Student Loan Corporation
Interstate Center, Suite 210
P.O. Box 21487
Columbia, South Carolina 29221
(803) 798-0916

State Aid: Higher Education Tuition Grants Agency
411 Keenan Building, Box 11638
Columbia, South Carolina 29211
(803) 758-7070

SOUTH DAKOTA
GSL: Education Assistance Corporation
115 First Avenue, S.W.
Aberdeen, South Dakota 57401
(605) 225-6423

State Aid: Department of Education and Cultural Affairs
Richard F. Kneip Building
700 N. Illinois Street
Pierre, South Dakota 57501
(605) 773-3134

TENNESSEE
Tennessee Student Assistance Corporation
B-3 Capitol Towers--Suite 9
Nashville, Tennessee 37219-5097
GSL and State Aid:
1-(800) 342-1663 (within TN),
(615) 741-1346

TEXAS
GSL: Texas Guaranteed Student Loan Corporation
P.O. Box 15996
Austin, Texas 78761
(512) 835-1900

State Aid: Coordinating Board, Texas College and University System
P.O. Box 12788, Capitol Station
Austin, Texas 78711
(512) 475-8169

UTAH
GSL: Loan Servicing Corp. of Utah
660 South 200 East
Salt Lake City, Utah 84111
(801) 363-9151

State Aid: Utah State Board of Regents
3 Triad Center
Suite 550
Salt Lake City, Utah 84180-1205
(801) 538-5247

VERMONT
Vermont Student Assistance Corporation
Champlain Mill
P.O. Box 2000
Winooski, Vermont 05404
GSL and State Aid:
1-(800) 642-3177 (within VT),
(802) 655-9602

VIRGINIA
GSL: State Education Assistance Authority
6 North Sixth Street
Suite 300
Richmond, Virginia 23219
(804) 786-2035

State Aid: State Council of Higher Education for Virginia
James Monroe Building
101 North 14th Street
Richmond, Virginia 23219
(804) 225-2141

WASHINGTON
GSL: Washington Student Loan Guaranty Association
500 Colman Building
811 First Avenue
Seattle, Washington 98104
(206) 625-1030

State Aid: Council for Postsecondary Education
908 East Fifth Avenue
Olympia, Washington 98504
(206) 753-3571

WEST VIRGINIA
GSL: Higher Education Assistance Foundation
Higher Education Loan Program of West Virginia, Inc.
P.O. Box 591
Charleston, West Virginia 25322
(304) 345-7211

State Aid: West Virginia Board of Regents
P.O. Box 4007
Charleston, West Virginia 25364
(304) 347-1211

WISCONSIN
GSL: Wisconsin Higher Education Corporation
137 East Wilson Street
Madison, Wisconsin 53703
(608) 266-2897

State Aid: Wisconsin Higher Educational Aids Board
P.O. Box 7885
Madison, Wisconsin 53707
(608) 267-2206

WYOMING
GSL: Higher Education Assistance Foundation
American National Bank Building
20th Street at Capitol, Suite 320
Cheyenne, Wyoming 82001
(307) 635-3259

State Aid: Wyoming Community College Commission
2301 Central Avenue
Barrett Building, 3rd Floor
Cheyenne, Wyoming 82002
(307) 777-7763

AMERICAN SAMOA
GSL: Pacific Islands Educational Loan Program
United Student Aid Funds, Inc.
1314 South King Street, Suite 962
Honolulu, Hawaii 96814
(808) 536-3731

State Aid: American Samoa Community College
P.O. Box 2609
Pago Pago, American Samoa 96799
(684) 699-9155

NORTHERN MARIANA ISLANDS
GSL: See American Samoa

State Aid: Northern Marianas College Board of Regents
P.O. Box 1250
Saipan, CM 96950
(Saipan) 7312

GUAM
GSL: See American Samoa

State Aid: University of Guam
UOG Station
Mangilao, Guam 96913
(671) 734-2921

PUERTO RICO
GSL: Higher Education Assistance Corporation
P.O. Box 42001
Minillas Station
San Juan, Puerto Rico 00940-2001
(809) 723-6000

State Aid: Council on Higher Education
Box F-UPR Station
San Juan, Puerto Rico 00931
(809) 751-5082/1136

TRUST TERRITORY OF THE PACIFIC ISLANDS
GSL: See American Samoa

State Aid: Community College of
Micronesia
P.O. Box 159
Kolonia, Ponape, F.S.M. 96941
(Ponape) 480 or 479

Micronesian Occupational College
P.O. Box 9
Koror, Palau 96940
471

VIRGIN ISLANDS
Board of Education
P.O. Box 11900
St. Thomas, Virgin Islands 00801
GSL and State Aid:
(809) 774-4546

USAF, INC.
United Student Aid Funds
Processing Center
P.O. Box 50827
Indianapolis, Indiana 46250
(800) 382-4506 (within IN)
(800) 428-9250

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